The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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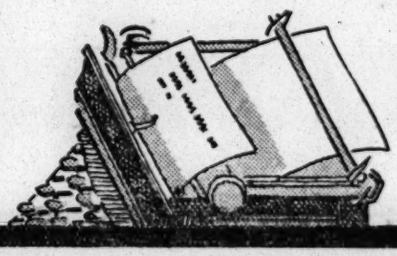

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Formerly Millard's Review

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ANGLO-AMERICAN RELATIONS—NEED FOR COOPERATION

(The Nation, N. Y., Sept. 11)

IN the past few weeks there has suddenly arisen in certain circles in the United States a suspicion of British foreign policy which is almost hysterical in intensity. It is epitomized in the catchy title of Quincy Howe's new book, "England Expects Every American to Do His Duty," but its intensity requires a more fundamental explanation than is to be found in his pages. A certain amount of anti-British feeling has existed in the United States from the Revolution down to modern times, as was evidenced, for example, by Mayor Thompson's antics in Chicago. The Nye investigation (of the causes leading to America's entrance into the World War) increased the suspicion, already existing, that England inveigled America into the World War to save its imperial interests. But even at the height of the Nye committee's activities, feeling against England did not approach its present strength.

The weakness of British foreign policy during the past few years has undoubtedly contributed to anti-British sentiment. While it may seem inconsistent that Americans, whose own country has been the chief offender in undermining the mechanism for collective security, should berate England for its failure to support collective action against Japan in 1931 and its vacillation on oil sanctions in 1935, this is precisely what has occurred. Americans are firm believers in the collective system as long as the United States is not involved. Similarly, Britain's failure to support democracy in Spain has created a very bad impression in this country although the application to Spain of our neutrality law has aided the rebels precisely as has England's non-intervention policy. Distrust of British policy was increased, moreover, by the stupidity and callousness with which the British Cabinet handled the abdication and marriage of Edward. And the American public has taken even less kindly to the aloof Chamberlain than to the moral Baldwin. There

is a widespread feeling, which the new Prime Minister has done little to alleviate, that the present British government may ultimately land on the side of Hitler.

To what degree these specific items in British policy account for the present antagonism toward England is hard to say. Quincy Howe gives very little space in his book to a detailed analysis of England's shortcomings and a great deal to the vague assertion that the British Empire is consciously looking to the United States to pull its chestnuts out of the fire. This interpretation of British policy is being freely applied to the Far Eastern crisis. Opponents of collective action are saying either that it is useless for the United States to consider taking action in the Orient, since Britain will not cooperate, or that this country should be wary of positive measures because Britain is only trying to use us to prop up its own interests in the East.

Nothing could be more unfortunate than that this distrust should serve to prevent cooperation between the two countries when the closest unity of action is essential. It is probably true that Great Britain would like to see the United States assume the leadership in any measures that are taken to curb Japanese aggression. But it is equally obvious that the United States would be only too gratified to see England bear the onus of action against Japan. Essentially, the interests of the two countries—economic, political, and social—are identical as far as China is concerned. The fact that a measure which served to check Japanese aggression would also be of assistance to Britain is by no means a convincing reason for refusing to cooperate in support of the Nine-Power Pact—which is very largely an American document.

Will the Soviet Union Help China?—If So—How and When?

WE wonder how many newspaper readers in Shanghai noticed a 12-line item, a *Domei* message from Tokyo, which was published in the morning papers here on Oct. 5. The item was as follows:

> M. Michael Slavutsky, Soviet Ambassador to Japan, was at noon to-day the guest of Emperor Hirohito at luncheon served in the Homeiden Hall of the Palace. Also present at the luncheon were, Prince Ogin Li, (son of the last emperor of Korea); Admiral Saburo Hyakutake, Grand Chamberlain; Mr. Tsuneo Matsudaira. Minister of the Imperial Household; the Foreign Minister, Mr. Koki Hirota, and other high Court and Government officials.

Those who read this little item immediately sensed its significance despite the absence of any explanation giving reasons for the Japanese Emperor's entertainment of the Ambassador of a nation which the Japanese Government hates and has been preparing to attack in a military way. There was added significance in the fact that the Soviet Ambassador to China, D. V. Bogomolov, was on his way home to Moscow on an important mission concerned with cooperation between China and the Soviet Union against Japanese aggression. As a matter of fact the Soviet Ambassador, who departed from Nanking aboard an Eurasia plane on Sept. 28, arrived in Moscow on Oct. 5, the day following the Japanese Emperor's luncheon in honor of the Soviet Ambassador to Japan.

Was it possible that the Japanese Emperor's friendly gesture was designed to offset China's efforts to obtain Soviet help against Japan? The editors of the official Japanese *Domei* news agency seldom permit a day to pass without referring directly or indirectly to the iniquitous Russians and their intrigues in China. Even last Sunday, after their Emperor had entertained Ambassador Slavutsky, the *Domei* office in Shanghai issued a report quoting the local Japanese newspaper *United News* as stating that the present Japanese military adventure in China was designed "to crush China's armed forces and those who resist Japan under the Communist banner." A few days earlier *Domei* charged that Marshal Vasili Bluecher, Commander-in-Chief of the Red Army in the Far East, who, as "Gen. Galen" served as an adviser to the Chinese Nationalists in their advance from Canton to the Yangtsze Valley in 1926-1927, was now in Outer-Mongolia and was in "constant 'telephone' communication with Major-General E. Lepin, Soviet Military Attache in Nanking. The Japanese alleged that Nanking was defended by a large number of Soviet (and British) anti-aircraft guns and that vast quantities of arms are pouring into China from Soviet Russia through Urumtchi, Hami, Lanchow and Sian." They also charged that thirteen Soviet officers "were busy in Nanking."

Another rumor spread by the Japanese spokesman here was to the effect that forty or fifty Soviet mechanics had arrived in Nanking to look after some 150 Soviet-made airplanes allegedly on the way to China. But the best example of Japanese rumor-mongering was a report—apparently believed by a considerable number of persons in Shanghai—that a dozen Soviet cooks had arrived in Nanking for the purpose of preparing food (borsch?) for the Soviet mechanics and pilots, "expected in the Chinese capital immediately."

Whether any of the new airplanes recently received in Nanking were from the Soviet Union

is not known, but it is generally known that airplanes probably are the only supplies which China could receive from the Soviets in view of Japan's latest advance into Inner-Mongolia which has had the effect of cutting or menacing all roads connecting China with Russia, but particularly with Soviet-controlled Outer-Mongolia. The story of Japan's remarkable advance into this region was told in the following boatsful manner by *Domei's* correspondent at Tientsin on Monday evening of this week:

"With the capture of Paotow (western end of Peiping-Suiyuan R. R.) the Japanese Army has gained a position of dominance in Mongolian affairs....By capturing Paocho, 30 kilometers west of Paotow (Monday) the Japanese and Inner-Mongolian forces (led by Prince Teh Wang) have nearly completed a wedge which will prevent the Nanking Government and the Chinese Communist Armies from receiving assistance from Ulan Bator (Urga), capital of the Outer-Mongolian Soviet Republic .... The Japanese Army will also be in a position to exert strategical pressure upon the provinces of Ninghsia, Kansu and Shensi .... The incredibly rapid advance of Japanese troops into Suiyuan, Shansi and Shantung, coupled with the entry of Japanese troops into Honan, meant an utter debacle in Chinese military operations."

Japan's occupation of the entire length (890 Kilometers) of the Peiping-Suiyuan Railway constituted the culmination of Japan's long and carefully planned campaign to drive a wedge between China and the Soviet Union and at the same time lay the foundation for the creation of a "Manchu-Mongolian Empire" that would extend from the Sea of Japan to Turkestan in Central Asia. But Japan's immediate objective was indicated in a further *Domei* message directly from Paotow (central Suiyuan): "Japanese-Mongol control of the Pingsui Railway....will facilitate the autonomy of Inner-Mongolia and provide a bulwark against red penetration....Japanese troops in Paotow will interrupt the flow of Soviet military supplies to China through Outer-Mongolia....Henceforth these supplies may only be sent through Kansu and Shensi where the Chinese Communist troops will be forced to retreat with their advance northward checked."

Japan's advance into Suiyuan was greatly facilitated by two renegades, the Mongol Prince Teh Wang and the Chinese ex-bandit leader Gen. Li Shou-hsin, who seized six counties in central Chahar in December, 1935, but who was later defeated in December, 1936 when he attempted to advance into Suiyuan. Gen. Li's force was composed of Chinese and Mongols and so-called Manchukuo troops which included large numbers of Japanese wearing the Manchukuo uniform. But of more consequence than the help of these two Chinese renegades was the careful planning and intrigue which Japan long conducted in this territory. For many years the Japanese Army has maintained so-called "special service missions" in all the important towns of this district. These missions were composed of groups of Japanese officers plentifully supplied with funds and with Chinese and Mongolian speaking assistants and interpreters. They studied the local districts,

PROBLEM OF KEEPING A BALANCE AT BOTH ENDS

—By Parrish in the Chicago Tribune

cultivated the officers in the Chinese defense forces, many of whom they subsidized. Mongolian leaders were also supplied with funds, and, as was brought out in the Manchurian investigation, they were also supplied with large quantities of heroin and other drugs from Japanese factories in Dairen and Tientsin.

Japan's immediate plans in this area were indicated early in October when Prince Teh Wang staged a ceremony in Kalgan which, according to the Japanese report, "was participated in by 100 influential persons who declared for the complete independence of Inner-Mongolia."

THE RIDDLE OF RUSSIA

The Soviet Ambassador to the United States, M. Troyanovsky, who returned to Washington this week from a visit to Moscow, stated in reply to a question about the reported mobilization of warplanes and troops on the Siberian frontier, "We have planes in every place where we consider them necessary. . . . Russia is quiet but is ready for anything . . . . There is great progress in industry, crops are good and military defence is the strongest in the country's history." He said that Russia probably would attend the Nine-Power Conference—if invited—and expressed the belief that a coalition of democratic nations "could and would be successful in forcing peace upon the world. . . . but everyone wants someone else to be the leader."

But the Ambassador's optimistic statements about conditions within the Soviet Union are not echoed in other quarters. The *Manchester Guardian* recently stated that the execution of the eight leading Soviet generals had greatly weakened the Soviet military organization and that the industrial situation was bad, efficiency low and production wasteful—a situation which the country's leaders continue to blame on "political enemies."

Hu Yu-chih, a Chinese writer quoted by *Central News* a few days ago, claimed that the "purge" had strengthened the Red Army organization. He claimed that Russia's defenses in Siberia and the Ukraine are impregnable and that the Soviets could hold off both Japan and Germany simultaneously. The only thing that is keeping the U. S. S. R. from giving more active help to China, according to the Chinese writer was the "fence-sitting attitude of Great Britain which country had never made up its mind about its attitude toward western Europe and the Far East."

DISTRACTING IVAN'S INTEREST IN THE PARTY

By Parrish in the Chicago Tribune

Another interesting report was cabled from Tokyo by the British *Reuters* service, to the general effect that Soviet Russia's policy toward China "stands at the cross-roads in consequence of a divergence of views between the Soviet Ambassador Bogomolov and the Soviet Military Attache, Major-General Lepin, both of whom are now in Moscow where they—presumably—carried important proposals for cooperative effort on the part of the Chinese authorities at Nanking. The Japanese report alleged that the Soviet mili-

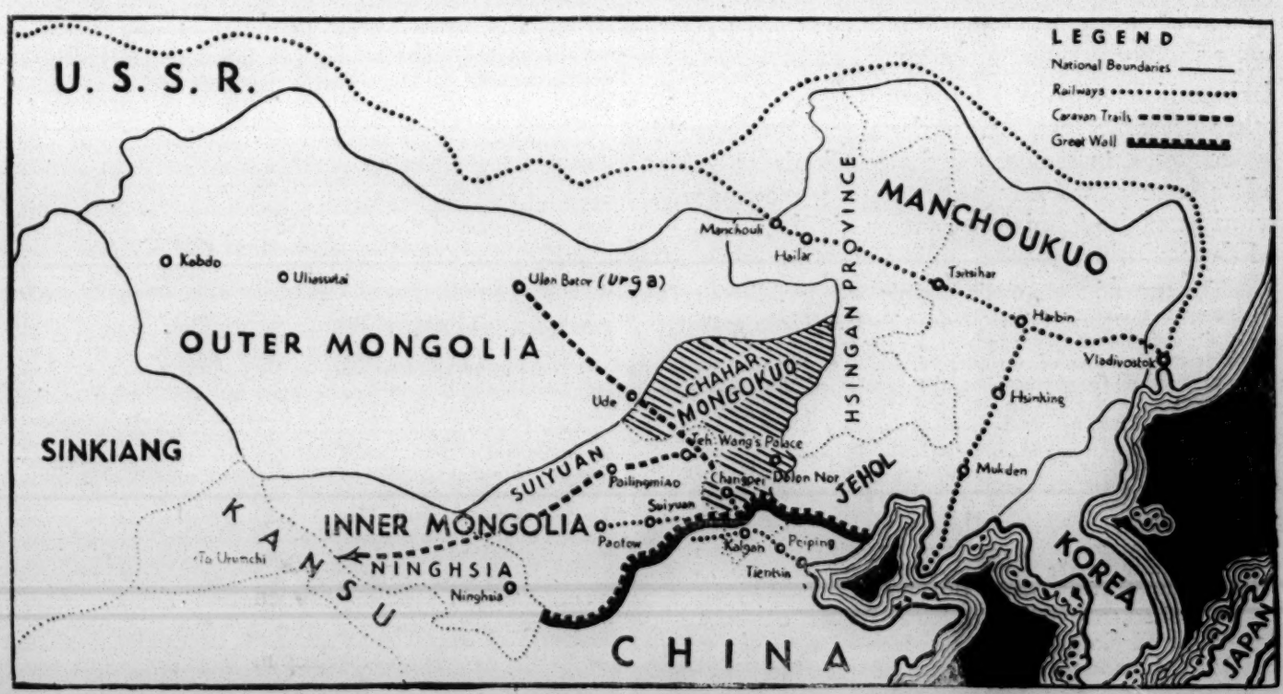
tary authorities in Siberia had sent some 5,000 troops to Outer Mongolia and that much mechanical war equipment was also being sent to the Outer Mongolian Capital, Ulan Bator (Urga).

Most of the Chinese newspapers have published extended reports about Soviet cooperation with China against the Japanese, but the reports generally indicate wishful thinking rather than definite proposals. One report published in Shanghai argued that since Outer-Mongolia was certain to be attacked by the Japanese, the Outer-Mongolians shouldn't wait but should launch an attack first — immediately! The paper declared that it was Outer Mongolia's duty to assist China, pointing out that the Soviet-Outer-Mongolia Mutual Assistance Pact signed last year regarded Japan as the mutual enemy.

Prince Teh Wang, Inner-Mongolian renegade who helped the Japanese extend their military control throughout the extent of the Peiping-Suiyuan Railway.

From the standpoint of the Russians the problem of Japanese aggression is no longer a matter of theoretical discussion. Japanese armies are not only in contact with the Siberian frontier from the Korean border to Manchouli, but are also in active contact with the borders of Outer-Mongolia which the Russians have pledged themselves to defend. But one wonders whether Moscow really intends to defend Outer Mongolia. Recently there have been rumors that the Kremlin has decided to "return" Outer-Mongolia to China; that this was the real reason for the sudden trip of Ambassador Bogomolov to Moscow. In other words there are reports in circulation that Red Russia, fearing a German attack on the European border, has decided to sacrifice Outer-Mongolia—nominally to China—but actually to Japan. The Russians may give the Outer-Mongolians supplies of war materials, tanks and bombers, but will take no responsibility for the defence of the Mongolia People's Republic against the armies of Imperial Japan or Manchukuo!

Outer Mongolia has actually been controlled by the Soviet Union since the Red Russians intervened at Urga and ousted the reactionary government which had been established there by the "Mad Baron" Ungern-Sternberg who had escaped from the Russian revolutionary armies into Mongolia. The Ataman Seminoff, now serving with the Japanese in Manchukuo also had a hand



This map, reproduced from *Asia Magazine*, indicates the vast extent of Japan's latest conquests in Inner-Mongolia, which include the entire length of the Peiping-Suiyuan Railway. The shaded section indicates the original conquests of the two Japanese puppets, the Mongol Prince Teh Wang and the ex-bandit general Li Shou-hsin. The shaded section will now be extended westward as indicated in the accompanying article.

in the reactionary Urga administration. An all-Mongolian Revolutionary Congress in 1919, promoted by the Russians, initiated a revolutionary form of government following the death of the Urga Living Buddha in 1919. In 1924 a constitution was proclaimed which affirmed, in Mongol eyes, the independence of the country. However, the treaty between China and the Soviet Union of that year contained a clause reading, "The Government of the Union of Soviet Republics recognizes that Outer Mongolia is an integral part of the Republic of China and respects China's sovereignty therein." But the Government of Outer Mongolia at Urga was alleged to have never concurred in this interpretation of its status. For all practical purposes it has remained as an "independent" state allied with the Soviet Union. But the alliance has been so close that outside of the Soviet Union, particularly in China and Japan, the country has been regarded as a part of the Soviet Union. However, this interpretation of its status, has always been denied by the Soviet Union as well as the Outer Mongols. One of Japan's chief demands—through the puppet state of Manchukuo—has been for the right to station a diplomatic emissary in Urga.

Nine Power Conference Will Meet in Brussels Oct. 30—U.S. Hopes for "Peace by Agreement"

THE Nine-Power Conference on the Far East will open in Brussels, the capital of Belgium, on October 30. The United States Oct 16 formally accepted the invitation of the Belgian Government to attend the Conference. Norman Davis, United States Ambassador-at-large, will head the American delegation, which will also include Dr. Stanley Hornbeck, Special Adviser to Cordell Hull, Secretary of State, on Far Eastern Affairs, Pierrepont Moffat, Chief of the European division of the State Department, and two others. "Peace by agreement" between China and Japan is expected to be the primary objective of the United States, at the conference. A *United Press* telegram from Washington Oct. 17 stated that American officials reiterated that the United States was not considering military measures of any kind. It was also strongly indicated that the United States would withdraw from the Conference if international military punitive force or other direct measures were undertaken. Statements issued by Department of State officials to said effect were apparently in response to newspaper criticism of the Administration, especiallly from the Mid-west, where peace sentiment was strongest.

The text of the American reply was as follows:

"The Secretary of State presents his compliments to the Royal Belgian Ambassador and has the honor to acknowledge receipt of his Note of October 16, 1937, stating that the Royal Belgian Government, at the request of the British Government and with the approval of the Government of the United States, proposes to states signatory of the Treaty of February 6, 1922, that they meet at Brussels on October 30 for the purpose of examining, in conformity with Article VII of the Treaty, the situation in the Far East and studying peaceable means of hastening the end of the regrettable conflict which prevails there.

"The Government of the United States is glad to accept the invitation, and the President has designated the Honorable Norman H. Davis as the delegate of the United States."

The first session of the Nine Power conference, well-informed circles in Brussels declared Oct. 16, will be devoted to a general survey of the Far Eastern situation, after which the meeting will draw up a list of nations non-signatories of the Nine Power Treaty, who will be invited to attend the conference. For the present only signatories of the Nine-Power Treaty have been invited. Present indications are that after the formal opening, the meeting will adjourn until early in November, with a view to enabling the newly-invited powers to appoint their respective delegates.

Both in London and in Paris, well informed circles quoted in a *Havas* telegram from Paris Oct 17 were quoted as being of the opinion that favorable grounds for a Sino-Japanese accord might be reached owing to eventual mediation by the powers, despite the fact that Chinese diplomacy still wishes apparently to base its action upon the famous "Chiang Kai-shek conditions."

These circles added that in the event of Japan's absence from the meeting, China will take the opportunity to weaken Tokyo's diplomatic position, and recalled that the League of Nations' efforts were not quite in vain, since the condemnation of the bombing of open cities had some effect upon the Japanese military command, while the promise of "moral assistance" to China strengthened the position of the conservative elements in Japan. China is fully aware, they concluded, that the members of the League are opposed to the application of sanctions, but she still hopes to obtain an oil embargo against Japan if the hostilities continue, this embargo being the main object aimed at by Chinese diplomacy.

Well-informed government circles in Washington foresee the deepest American involvement in the affairs of foreign countries since the Versailles Peace Conference, recalling President Roosevelt's recommendation for "concerted world action" at Brussels, the *United Press* stated. The fact that the United States acted so swiftly to hasten the departure of the American delegation to Brussels indicated President Roosevelt's desire that the conference be launched before the special session of Congress and that action will be decided, at least tentatively, before the session opens. The President, it was felt, also desired the initiation of action before the Japanese forces have penetrated further into North China.

The United States is ready to act as mediator in the Sino-Japanese conflict if conditions become favorable for such a step, President Roosevelt indicated in a press interview in Washington Oct. 16. The President told the journalists not to attempt to guess the future policy of the United States, thereby confirming the belief that the policy of the country will be guided entirely by circumstances.

In a fireside chat last week, President Roosevelt expressed the determination of the United States to co-operate with other signatories of the Nine-Power Treaty, including China and Japan, in an effort to find a solution of the Far Eastern conflict.

The spokesman of the Foreign Office in Tokyo, Oct. 15, in an interview with *Reuter*, confirmed that the Belgian Ambassador, Baron de Bassompierre, had tentatively approached the Vice-Minister of Foreign Affairs, K. Horinouchi, regarding the possibility of Japan accepting the invitation to the Nine-Power Conference on the Far East, to be held in Brussels in a week's time. Japan had not yet answered the invitation, but the spokesman agreed that she might attend. However, he added, the possibility of Japan accepting the invitation was remote if she were branded the aggressor.

The American delegation sailed from New York in the s.s. *Washington* on October 20. "Peace by agreement" between China

and Japan is expected to be the primary objective of the United States at the conference.

Two circumstances caused well-informed circles to believe that the United States would take a strong stand at the meeting:

1. The prompt acceptance of the invitation without it being specified whether the conference will be restricted to signatories of the Nine-Power Treaty or will include Powers like Soviet Russia and Germany.
2. The strong personnel of the American delegation.

It is understood that the Government is not particular as to what Powers are invited, but is prepared to co-operate with anybody willing to share mediation in the Sino-Japanese conflict.

Cordell Hull stated that he understood invitations to the first meeting, at any rate, would be confined to signatories of the Treaty.

Britain Desires Early End of Hostilities in China

The earnest desire of Great Britain to bring the hostilities in the Far East and Spain to an early end was expressed by Neville Chamberlain, the British Prime Minister, in a speech at Manchester Oct. 14. Mr. Chamberlain spoke at length on British foreign policy, which he doubted was ever less aggressive than today.

"If we are attacked," he declared, "we know how to defend ourselves as always, but it is not in the temperament of our people to bear malice, and I think we have the shortest memory for quarrels of any nation in the world. The mainspring of our foreign policy is to live in peace with our neighbors and influence them to resolve their difficulties peacefully."

Eden Urges Co-operation at Nine Power Conference

Anthony Eden, the Foreign Secretary, speaking before a Conservative Party rally at Llandudno, in North Wales, Oct. 15 expressed an earnest hope that all those whose co-operation was necessary would be present at the forthcoming Nine Power Conference. For their part, he said, the British would co-operate heartily at the meeting in the spirit of President Roosevelt's declaration, regarding which Mr. Eden recalled the welcoming remarks of the Prime Minister, Neville Chamberlain, at Scarborough. Mr. Roosevelt's speech at Chicago, the Foreign Minister declared, was indeed a clarion call—a call to all nations to return to belief in the pledged word and the sanctity of treaties.

"In these days of international violence and lawlessness," Mr. Eden added, "it is well for us that the President of the most powerful Republic in the world should remind us in forceful words that it is not so long since we all pledged ourselves to refrain from resort to force as an instrument of national policy."

What China Expects from the Brussels Conference

China's views regarding the Sino-Japanese conflict and the expectations of the Chinese people on the eve of the Brussels conference were presented in a telegraphic appeal sent Oct. 16 by the China Institute of International Relations to the signatory governments of the Nine Power Conference. Among those who signed the statement were Dr. W. W. Yen, former Ambassador to Soviet Russia, Dr. J. Usang Ly, President of Chiaotung University, Dr. Herman Liu, President of the University of Shanghai, Hollington K. Tong, Director of the Information Bureau of the Military Affairs Commission, K. P. Chen, General Manager of the Shanghai Commercial and Savings Bank, Y. M. Chien, General Manager of the Joint Savings Bank, T. K. Ho, Deputy Secretary of the S.M.C., Dr. T. C. Tai, Secretary-General of the Bank of China, and others.

The statement, among other things said: "The present conflict is in reality a continuation of the Japanese invasion of Manchuria in 1931. After having seized Manchuria and Jehol and set up a bogus government therein, Japan commenced her activities by intrigues and by force to alienate North China from Chinese sovereignty. On no justifiable ground she increased the number of her garrison troops at Tientsin and Peiping to four times the quota allowed under the so-called Boxer Protocol of 1901. In passing, it may be noted that with the removal of the capital of China to Nanking and the change of residence of the various Foreign Missions, the necessity of the presence of foreign troops to guard the railway between Peiping and the sea has largely lost its significance.

"Military operations carried on by the Japanese in large areas of Chinese territory for already well over three months cannot be justified on any ground of self-defence, but must be regarded as flagrant violations of Japan's obligations under the Nine Power Treaty, binding the signatories to respect China's territorial and administrative integrity, and the Pact of Paris renouncing war as an instrument of national policy."

China's Minimum Stand in the Nine-Power Treaty Enumerated

Declaring that the Nine-Power Treaty Conference to be held in Brussels on October 30 may give rise to serious problems proving disadvantageous to China because of the ultimate desire of the Powers to seek for a compromise solution of the Sino-Japanese dispute, the *Central China Daily News* in an editorial Oct. 18 urged the Chinese Government to adhere at least to the following minimum conditions: "First and foremost, we must oppose any secret negotiations between the Powers outside of the conference. We must oppose any understanding which the Powers may reach with Japan which in turn may affect the discussions and deliberations in the conference. Secondly, China must insist upon the withdrawal of Japanese troops from North China and Shanghai completely before the discussion of any other plans. Thirdly, China must insist on the territorial and sovereign integrity of the country and will not accept any terms of 'economic co-operation' which may prove to be nothing but a partition of China among the Powers. Fourthly, China must not accept any terms which may jeopardize the administrative independence of the country. Fifthly, China should bring up the North-Eastern Problem for discussion and solution, and must insist on the abolition of the puppet state of the 'Manchukuo' and on the recovery of the territories."

The *China Evening News* commented:—"The Nine-Power Conference must preserve the sanctity of the Nine-Power Treaty which guarantees the territorial and sovereign integrity of China, We do not oppose Japan's participation in the Nine-Power Treaty Conference. However, China cannot accept any one-sided proposal of peace. That we have put up a stiff armed resistance against Japan is ample testimoney of our determination not to yield to Japanese pressure. That we have not been defeated by Japan in the battlefields proves clearly the strength of the united China. Under no circumstances can we surrender diplomatically and accept proposals of mediation."

The Door of Compromise Has Been Closed, Declares Shanghai "Lih Pao"

Commenting editorially on the forthcoming Nine-Power Treaty Conference at Brussels, the Shanghai *Lih Pao* Oct. 18 declared that the "door of compromise has closed." Declaring that the various Powers are seeking a formula of compromise between China and Japan, which will prove to be most disadvantageous to China, the paper continues: "Sino-Japanese hostilities in North China have fought for more than 100 days while the undeclared war in Shanghai has been fought for more than two months. Our highest military commander has made it clear that we shall struggle to the bitter end. The efforts of the Chinese defenders in the front indicate clearly that there is no end to this bloody struggle unless Japanese troops are driven away from the Chinese territory. In fact unless China chooses to surrender to Japan, there is no room for compromise and no compromise is possible."

China Expects Nine-Power Conference to Hold Japan Accountable for Violation of Treaties

China expects the Nine-Power Conference to "hold Japan accountable for violation of treaties and to bring about effectual international concerted actions to end that aggression," the Chinese Ambassador to the United States, Dr. C. T. Wang, told the *United Press* in Washington, Oct. 18.

Germans Explain Why They Never Adhered to Washington Pact

Commenting on the forthcoming conference of the signatories of the Nine-Power Pact the *Deutsche Allgemeine Zeitung* Oct. 13 observed that Germany has no connection with the treaty in question, since the conclusion of which, moreover, Germany has left the League of Nations.

The paper recalled that it was at the Chinese request that Germany refrained from adhering to the Washington pact since the Chinese Government considered that her adhesion would imperil the friendly relations between China and Germany.

The paper went on to say that during the Washington conference in 1921-1922 the United States Government favored a participation of Germany, which was chiefly opposed by France. After the ratification of the Washington pact by the powers concerned the United States Government proposed in 1925 that Germany should adhere to it and the German Government consented on the condition that its decision should be ratified by the Reichstag.

The Chinese Government and the Kuomintang protested against such a ratification on the ground that Germany would thereby signify her adherence on unequal terms to a treaty concluded by imperialist states. Following a protest lodged with the German Foreign Office by the Chinese Minister, Mr. Wei, the Berlin section of the Kuomintang appealed in February, 1926, to the Reichstag deputies not to ratify the pact, which from the Chinese point of view was incompatible with the existing agreement between China and Germany. This appeal was successful, so that Germany has never adhered to the Washington pact.

Lieut Gen. Hoh Mon-lin's Heroic Death

Gen. Ho Ying-ching, Minister of War, Oct. 19 wired his condolences to Taiyuan over the heroic death of Lieut.-Gen. Hoh Mon-lin, Division Commander Liu Chia-chi, and Brigade Commander Cheng Ting-tseng at the battle of Tapaishui in northern Shansi on October 15 and 16. Military authorities in Taiyuan were requested by the Minister of War to arrange funeral ceremonies for the three war heroes and also to look after their families well.

Japan May Accept Invitation to Brussels

The spokesman of the Tokyo Foreign Office, in an interview with *Reuter* Oct. 15, confirmed that the Belgian Ambassador, Baron de Bassompierre, had tentatively approached the Vice-Minister of Foreign Affairs, K. Horinouchi, regarding the possibility of Japan accepting the invitation to the Nine-Power Conference on the Far East, to be held in Brussels next week. The spokesman agreed that Japan might attend. However, he added, the possibility of Japan accepting the invitation was remote if she were branded the aggressor. In any case, Japan was still awaiting information about the agenda of the conference.

Japan may still decide to participate in the Nine-Power Conference, Chinese circles closely connected with the Ambassador, Dr. Wellington Koo, declared in Paris Oct. 16.

They expressed the opinion that both Soviet Russia and Germany will most probably be forwarded invitations to attend the meeting by the signatory powers, and while Moscow's acceptance was considered certain, Berlin's acquiescence is apparently subordinated to Tokyo.

Germany, it is rumored, owing to her considerable interests in China and considering that she did not support Japan openly like Italy, will endeavor to obtain Japan's participation in the conference, and hence hopes are entertained that the Brussels meeting might become a real peace conference.

The main European chancelleries in Paris (according to *Havas*) believe that the Japanese Cabinet is divided into two tendencies in connection with Japan's participation in the Nine Power conference: first, the Ministers close to the General Staff reject the possibility of slowing down hostilities before having definitely crushed the Nanking Army; on the other hand the remainder fear economic repercussions caused by a lengthy war, and are willing to go to Brussels hoping to get advantageous armistice terms.

Both in London and in Paris, well-informed circles are of the opinion that favorable grounds for a Sino-Japanese accord might be reached owing to eventual mediation by the powers despite the fact that Chinese diplomacy still wishes apparently, to base its action upon the famous "Chiang Kai-shek conditions."

These circles added that in the event of Japan's absence from the meeting, China will take the opportunity to weaken Tokyo's diplomatic position, and recalled that the League of Nations' efforts were not quite in vain, since the condemnation of the bombing of open cities had some effect upon the Japanese military command, while the promise of "moral assistance" to China strengthened the position of the conservatives elements in Japan.

Japan Counts on Support of Germany, Italy and Portugal at Brussels

"Not a bad idea to participate in the Nine-Power Conference at Brussels, where Germany, Italy and Portugal will support Japan and attack the anti-Japanese atmosphere," the Tokyo *Asahi* stated in an article Oct. 19. "This should rather be Japan's duty," the journal added. Meanwhile, no formal invitation to the forthcoming Conference, which opens at the Belgian capital on October 30, is understood to have reached the Japanese Foreign Office so far, although the Japanese Government has been quite informally approached by the Belgian Ambassador, Baron Bassompierre, regarding the proposed meeting. The Japanese Government, state well-informed circles, will make no decision regarding the Conference until a formal invitation, which is apparently expected, has been received.

Political Treaty Between Italy and Japan May Be Concluded Shortly

The conclusion of a political treaty between Rome and Tokyo as a normal outcome of the present relations between Italy and Japan may be anticipated shortly, the Rome correspondent of *Le Temps* wrote Oct. 18. Referring to the imminence of a commercial agreement between Japan and Italy, mainly relevant to Ethiopia, being signed, the writer recalled the history of relations between the two countries for the past year, and the evolution of Italy's policy towards Japan, these two nations being on the friendliest terms after the statement made by Yotaro Sugimura, then Ambassador to Rome for Japan, that the latter country had no political interests in Ethiopia. This statement later resulted in the signing of a friendship treaty in December 1936.

"No political line yet exists between Rome and Tokyo despite their excellent relations," the correspondent pointed out. "But the two countries have reached a full spiritual comprehension and have adopted an identical anti-communist attitude.

Chinese See Little Hope of Condemnation of Japanese Militarism

In their leading editorials, the Chinese press in Shanghai expressed little hope for the forthcoming conference in Brussels, so far as the condemnation of the Japanese militarism is concerned.

Russia Ready for Anything, Says Ambassador Troyanovsky

The belief that a democratic coalition against aggressor nations could and would be successful in forcing peace upon the world was expressed by M. Troyanovsky, the Soviet Ambassador, in an interview in New York Oct. 18 on his arrival in the United States after a visit to Russia. "Everyone, however," he added, "wants somebody else to be the leader." "In Russia there is only a feeling against aggression," M. Troyanovsky said in commenting on reports that Russia was mobilising warplanes and troops in the Far Eastern frontier. "We have 'planes in every place where we consider them necessary," he declared. "Russia is quiet, but is ready for anything. There is great progress in industry, crops are good, and military defence is the strongest in the country's history." The Ambassador added that Russia would probably attend the Nine Power Conference on the Far East if invited.

U. S. Supreme Court Upholds Constitutionality of Securities and Exchange Commission

The U.S. Supreme Court Oct. 18 refused to review the constitutionality of the act creating the Securities and Exchange Commission. The court denied the petition of three Florida investment firms dealing in oil royalty participation certificates, asking a review of the Fifth Circuit Court of Appeals' decision upholding the act. Justice Hugo Black took part in the hearing for the first time.

Pakhoi, a seaport twelve miles south-east of Lienchoufu, was shelled Oct. 10 by Japanese warships. Batteries on shore replied. The landing of troops was frustrated by the strong machine-gun fences.

U. S. Current Budget Deficit Estimated at Nearly Six Hundred Million Dollars

Broadcasting an appeal for private help for relief work, President Roosevelt Oct. 18 indicated his determination to balance the Budget. Unless Federal taxes were to be greatly increased, he said, expenditures must be brought within existing tax receipts.

President Roosevelt estimated the United States Budget deficit at approaching $700,000,000. He added that Estimatory changes, which several factors made necessary since April, have had the object of increasing the deficit by $600,000,000. This increase, however, will be partially offset by economies. The gross deficit will aggregate $895,000,000.

Hawaii to Be Made One of World's Most Powerful Fortresses

U. S. Navy plans to make the Hawaiian Islands "absolutely impregnable" from attack by any first class naval Power, will be the basis of recommendations to the regular session of Congress, the *United Press* learned in Washington, Oct. 16. High Naval officers said that the Navy and War Departments were collaborating on a program, eventually to make Hawaii one of the world's most powerful fortresses, comparable to Singapore and Gibraltar, capable of repelling the world's greatest naval armada.

The Sino-Japanese conflict has forced world-wide reconsideration of Pacific war strategy and driven home to the United States the urgency of developing and making impregnable the Hawaiian outpost, high American commanders said.

More Bombing Planes to Be Flown to Hawaii

The U. S. Navy Department announced at San Diego, Oct. 15 that twelve additional PBY2 patrol bombing planes will be flown to Hawaii early in 1938. The new planes will be used to replace obsolete equipment of other squadrons based at Pearl Harbor, it was believed.

Italian Expert Impressed by Chinese Army

The opinion that the struggle between China and Japan will be a prolonged one owing to the tremendous moral and material strength of the Chinese army, was expressed by Signor Alberto de Stefani in *La Stampa* in Rome Oct. 15. He pointed out the skilful amalgamation of all local Chinese armies effected by Gen. Chiang Kai-shek, and the highly efficient training given Chinese officers in the Paoting and Whangpoa military academies. "The Chinese soldiers," he added, "have given already many proofs of their heroism." Signor de Stefani believes the Chinese army at present consists of 160 divisions, while the production of war material is important except in heavy artillery.

Seventeen Thousand Cases of Dynamite Said to Be En Route to China

Seventeen thousand cases of dynamite valued at U.S.$125,000, have been shipped to China via Hamburg by the E. I. Dupont de Nemours and Company, officials of the munitions concern dislosed Oct. 16. They said that the dynamite was being shipped aboard a German steamer.

Japanese Say Chinese at Present Have 55 Divisions of Troops in Shanghai Area

JAPANESE military observers this week stated that the Chinese forces in the Shanghai area have been considerably strengthened of late, there now being a total of 55 divisions here. The Japanese are of the opinion that new reinforcements are being brought in all the time.

Japanese military observers also stated that insofar as they had been able to ascertain there is no indication that the Chinese are withdrawing troops in order to reinforce their lines along the Lunghai railway.

The strength of the Japanese forces is placed at about 100,000 men by neutral observers, who conclude that only replacements are being brought in at the present time. Transports are to be seen unloading troops along the Whangpoo from time to time, but these new arrivals probably do little more than make up for the number of casualties suffered. Foreign military observers are of the opinion that Japan will have to greatly increase her army at Shanghai or resume a defensive policy again, as the present number of troops is deemed insufficient for a thoroughly successful immediate offensive against the numerously superior Chinese divisions. Japanese troops advancing towards the Chinese stronghold in Dahzang have been stemmed effectively by strong barbed wire entanglements. Backed by many machine-gun nests and well-entrenched infantry, the barbed wire line forms the main Chinese defence works guarding the key city of Dahzang at the junction of four important communication highways, while situated nearer the city itself are reported to be strategically placed pill-boxes and a powerful battery.

Heavy fighting of unprecedented severity was raging by 5.40 o'clock p.m. Oct. 19 along all sectors of the Shanghai front, with several points along the southern bank of Wentsaopang Creek west of the Lotien-Shanghai highway as the chief theatres of operation, where Chinese defenders, strengthened by reinforcements, were offering stiff resistance to the pressure of mechanized Japanese units.

With the exception of Kwangfu, Kiangwan and Miaohang sectors, the Japanese invaders started concerted operations against the Chinese defence along the different lines late in the afternoon, and by 6 o'clock plunged the whole front into a roaring inferno of death and destruction.

The Japanese in their advance from Wentsaopang southward utilized the Lotien-Shanghai highway for the transport of their tanks.

Feverish preparations were reportedly being made this week by Japanese troops in launching their fifth big push, after having failed in their first four attempts to break through the Chinese lines, *Central News* said. Chinese troops, strongly holding their line along the whole front, are confident of their ability to put back any new assault from the enemy troops. A Chinese commander at the front, declared the military spokesman Oct. 18, said his troops were ready for the fifth Japanese push, or any other number of pushes.

Recounting the war situation along Wentsao Creek during the previous two days, the spokesman at the press conference Oct. 19 stated that, although fighting was confined to the small area bounded on the east by the highway, on the north by Wentsao Creek, and on the south by Fengtsuntang, and with Chenchiahong as the apex on the west, it had been the severest since hostilities broke out two months ago.

Owing to its geographical importance, the spokesman explained, Chenchiahong is now the immediate objective of the Japanese attacks. The severest fighting, he said, had taken place on a limited front from Chenchiahong eastward to Chiaotingche on the north bank of Wentsao Creek, and then to the village of Chiangmentouche on the south bank.

Japanese Bombs Set North Station Administration Building on Fire

After being subjected to almost continual Japanese aerial and artillery bombardments for 68 days, the administration building of the Nanking-Hangchow-Ningpo Railways located in the North Station area, was badly damaged by flames started by Nipponese bombs dropped on the premises Oct. 19. The fire gutted one of the rear wings but the framework of this section of the structure is still standing.

The fire started shortly before noon on the east wing of the building and by 1 p.m. it was a raging inferno. Chinese soldiers who had been using the building as a barracks, even though threatened by further bombardment and artillery fire turned out and fought flames most of the afternoon, taking cover only when planes came over or when the Japanese opened up on them with fieldpieces. By 5.30 p.m., the blaze had been placed under control.

The Japanese commenced bombing the administration building early in the morning. Coming over in groups of three, they literally deluged the area with bombs.

At least 40 bombs must have been directed at the building but as near as could be determined only five or six hit it.

Six night raids by Chinese planes, a brisk battle on the north bank of the Wentszopang together with sporadic land skirmishes and artillery duels formed the outstanding features on the Shanghai war front Oct. 17. During the morning, Japanese aircraft carried out their daily raids over Dazang, Chapei and on the Wentsaopang fronts. The planes were met by Chinese anti-aircraft guns located somewhere near Markham Road, which kept the raiders at a high altitude.

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Beginning of Third Month of Hostilities Sees Intensive Operations

THE beginning of the third month of the war in the Shanghai area (Oct. 14) was marked by the most intensive concentration of projectiles by both the Chinese and Japanese forces since the beginning of hostilities. The net result of the operations was a long list of deaths and injuries suffered by civilians and great destruction of private property. Both the Chinese and the Japanese had planes in the air, and both sides used artillery, anti-air craft and machine guns simultaneously. The din that their combined operations caused just about as dusk had fallen can only be described as terrific. The dull thud of the bombs, the prolonged roar of shells, the staccato of the machine guns, and the louder and slower reports of the anti-aircraft guns combined to make a symphony of noise of an unusual volume as well as of character.

All day long the Japanese dropped bombs on the North Station area. Exact figures are not available, but it is more than probable that they had dropped about 200 bombs of various sizes up until the beginning of darkness. It was the most determined effort the Japanese had ever made to oust the Chinese from the North Station, but the attempt was unsuccessful. Independent reports state that the Chinese suffered very considerably as the result of the bombing, but with stern resignation, as one group was killed or wounded, others took their places. Only in exceptional cases, in case the Japanese bombers came quite close, did the Chinese reply either with anti-air craft guns or machine-guns.

American Marine and American Radio-man Injured in Military Operations Around Shanghai

One American Marine and one sailor were injured in Shanghai Oct. 14 during the course of the unusually heated military operations around Shanghai. The Marine, Private Milton Hiatt, was struck in the left shoulder and arm by a stray rifle bullet. Private Hiatt was injured in the Markham Road sector at an early hour in the afternoon. He was removed to the hospital, where his condition was characterized as not serious.

The American sailor, J. P. McMichael, was injured aboard the U.S.S. *Augusta* in the forenoon. He was struck in the temple by a flying shell fragment but fortunately escaped serious injury. A protest was filed with the Japanese Commander-in-Chief, who called upon Admiral H. E. Yarnell and expressed his regrets over the incident.

Japanese Steel Factory Hit by Chinese Raiders

As a result of several air raids made by Chinese planes during the night of Oct. 17 and the following morning, the Asia Steel Factory, 379 Hochien Road, a Japanese owned concern, reported to have been used as a supply storage house, was struck by the raiders. No great amount of damage was reported at this point, however. Another bomb fell near the Dai-ichi Soap Factory on Hochien Road, another Japanese owned concern. It struck an open lot, however, and did no damage to property. Chinese reports concerning the raids, stated that four separate raids were carried out on Japanese positions along the Yangtszepoo, Chapei and Kiangwan sectors. It was stated that heavy losses were inflicted on the Japanese. The Chinese report claimed that one Japanese warship was struck by a bomb as well as several dumps including a store for the Japanese air force along Military Road. It also was claimed that the Japanese airfield near the University of Shanghai was struck, and several Japanese planes destroyed.

It was reported also that as a result of Chinese air-raids and constant shelling by Chinese guns from Pootung the Japanese have moved their airfield from its location near the university to Woosung. The field, it was further reported, has been hit on several occasions.

Isolation Hospital Hit by Three Aerial Bombs

The Isolation Hospital, located on Range Road in the rear of the Hongkew Fire Station, evacuated at the beginning of present hostilities and used by the Japanese Naval Landing Party as a supply depot since that time, was struck by three aerial bombs during the Chinese raid at 3 a.m. Oct. 19. One of the bombs dropped was of the demolition type while the other two were incendiary. Most of the eastern wing of the structure was destroyed, together with a large quantity of Japanese supplies.

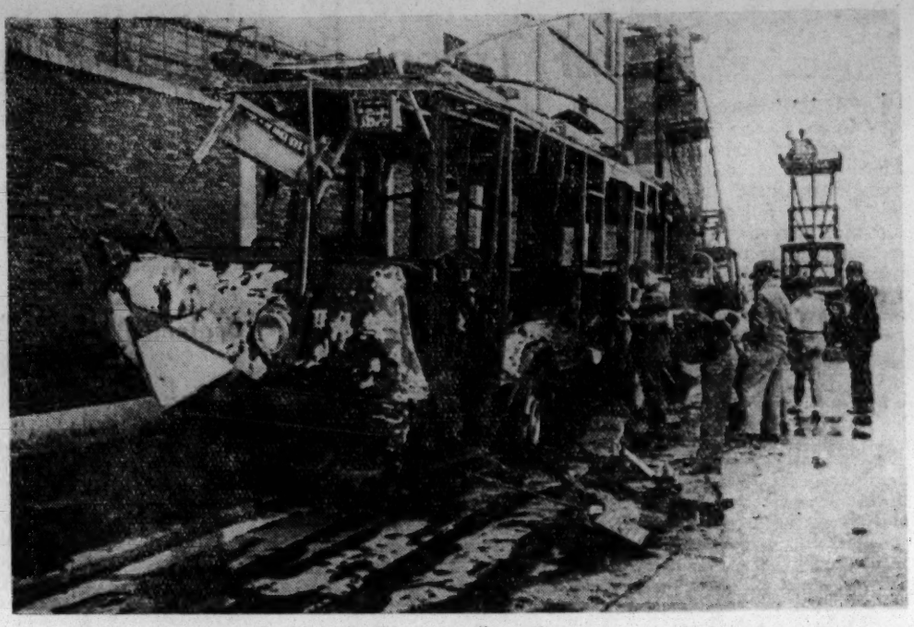
Japanese reports that they were using the place as a hospital were denied by foreign observers who have visited the area during

JAPANESE BOMB KILLED 12 CHINESE, WOUNDED 13 IN AMERICAN SECTOR

Japanese planes bombed the Settlement near the Soochow Creek, Oct. 14 killing ten Chinese and wounding more t an a score of others. Other Japanese bombers strafed the Western outside roads area in the vicinity of the Shanghai-Hangchow Railway line, killing and wounding many Chinese and damaging over half a dozen foreign properties along Hungjao Road.

The bombing near the Soochow Creek started at about 2.30 p.m. A few minutes later, two bombs struck in Markham Road outside the Wing On Cotton Mill and three others in the creek, spraying high explosive over on the Settlement side.

Ten Chinese were killed and 13 ot'e·s wounded when railless tram B354 proceeding north to south on Markham Road about 2.40 p.m., was destroyed by two Japanese bombs, which struck the Settlement edge of Soochow Creek. Aside from t'is bombing, the heaviest loss of civilian life was caused at the corner of Yu Ya Ching and Burkill Roads when a five-inch shell st uck the street intersection and exploded, killing eight and wounding 12. The third heavy death toll came from North Honan Road in the West Hongkew District when six civilians were killed and two wounded by an exploding shell.



This street car of the "trackless tram" variety was wrecked and the Chinese occupants either killed or wounded by a Japanese air-bomb which was dropped in the street nearby. The car was proceeding along Markham Road, which is within the sector along Soochow Creek that is guarded by the American Marines, when Japanese planes dropped five bombs, each weighing about 50-pounds. Three fell in the creek but two landed in the street, wrecking the street car and damaging the Wing-On Cotton Mill nearby. None of the American Marines patrolling the area was injured.

the previous three or four days. While some medical supplies may have been in the place, it was used largely as a supply base according to these observers.

One of the bombs hit a building of the Shanghai Municipal Isolation Hospital caused injuries to 13 Japanese civilians who were receiving treatment there.

At the Japanese press conference Oct. 18, it was stated that 13 Japanese were either killed or wounded during the bombing. At the same time the Japanese went on record with the announcement that they are not using Hongkew, Wayside, Yangtszepoo and other districts of the International Settlement as a troop or supply base.

Seventh Day Adventist Premises Partially Destroyed by Fire

Among the premises hit were several houses belonging to the Seventh Day Adventist Mission which it has been persistently reported ever since the beginning of hostilities the Japanese have occupied for military purposes. The houses in question were partly burned to the ground as the result of being hit by an incendiary bomb. A Japanese naval spokesman Oct. 18 admitted that the premises were occupied by Japanese Marines.

57 Houses Go Up in Flames in Hongkew

One of the largest fires of the current hostilities occurred in Shanghai Oct. 15 near the Municipal Abattoir on Wuchow Road, resulting in the destruction of 57 Chinese houses and four shops. The alarm was turned in by the Japanese Naval Landing Party to the Shanghai Municipal Police, who in turn informed the Fire Brigade. A special machine and lorry from Central responded. The Brigade worked on the fire for three hours, and the apparatus did not return to Central until after 10 o'clock.

Japanese Say They Have Not "Occupied" Yangtszepoo; Merely Control Entry

Japanese forces in the Hongkew and Yangtszepoo areas are there to defend those sections of the International Settlement assigned to them under the Joint Defence scheme and are not "occupying" the Settlement zones north of Soochow Creek, Japanese naval and diplomatic spokesmen declared at a press conference Oct. 18. The Hongkew and Yangtszepoo areas, the spokesman asserted, "never were bases of military operations except that they were utilized to bring in men and supplies necessary to carry out effectively the duty of the forces defending those areas. Because of the presence of Chinese forces in Pootung and in Chapei, the spokesman mentioned, the conditions in Hongkew and Yangtszepoo "cannot be said to have returned to normal." This necessitated restrictions on the entry of persons into the areas, the spokesman declared.

"Sanctity" of International Settlement More and More Disregarded

The Field Headquarters of the General Officer commanding the Chinese forces in the Shanghai area pointed out that the Japanese bombing is developing to a stage where the so-called sanctity of the International Settlement is more and more disregarded as is shown by the fact that in addition to the bombs which fell near the British sector causing the temporary withdrawal of two British posts, two Japanese bombs actually landed on the International Settlement side of the Soochow Creek near the junction of Markham and Haiphong Roads, only about 25 yards away from the Wing On Mills, a British concern.

Japanese Sustain Heavy Losses in Yangtzepoo

Seven Japanese airplanes and large quantities of ammunitions belonging to the Japanese were destroyed by the Chinese when shells from Pootung hit the airdrome near Kung Ta Cotton Mill in Yangtzepoo on October 12. The loss suffered by the Japanese within seven minutes when the Chinese directed their shelling at the airdrome was over $5,000,000, the *Sin Wen Pao* of Oct. 14, stated.

Chinese Use Flags of Third Powers, Says Japanese Naval Spokesman

"Chinese have been utilizing flags of third Powers," the Japanese naval spokesman declared Oct. 15. The spokesman said a "large house a short distance south-west of the Hungjao Road railway crossing" was being used as the "headquarters of a large Chinese unit." The building, the spokesman charged, was "flying a foreign flag." Although declining to divulge the nationality of the flag, the spokesman asserted that it "was not American."

Japanese Not Likely to Attempt Landing at Chapoo, Military Observers Say

Military observers in Shanghai do not place much faith in reports that the Japanese are planning to conduct landing operations to Chapoo in order to cut off the forces occupying Pootung from the rear. The consensus of opinion is that in order to launch an effective attack at Chapoo the Japanese would have to bring in additional reinforcements in large numbers. It is felt in that a more logical place for operations would be in the Yangtze, at a point directly north of Changshu.

Hankow Mayor to Occupy Japanese Hospital?

The Military Affairs Commission of the Nanking Government "has sent orders to the Mayor of Hankow to enter the Japanese owned Dojin Hospital in the Japanese Concession in Hankow," a spokesman for the Japanese military stated Oct. 15.

What Chance Has China?

BY MAXWELL S. STEWART

(*The Nation, New York, Sept. 11*)

MORE than two months have passed since the first outbreak of hostilities between Chinese and Japanese troops at Lukouchiao, southwest of Peiping. During that period the Japanese have occupied virtually the whole of northern Hopei and a large section of Shanghai. Although considerably outnumbered, they have taken the offensive on practically all fronts. Yet this offensive has not moved anything like as rapidy as planned. The confident boast of two weeks ago that the Chinese would soon be "annihilated" in the Shanghai area has been far from justified.

A careful survey of the military developments of this undeclared war shows that despite serious handicaps the Chinese are doing extraordinarily well. In the Shanghai area 80,000 Japanese troops—nearly twice the number that were finally assembled in 1932- have yet to regain the territory which they won at that time and have suffered extremely heavy losses. Under the bombardment of naval guns the Chinese have conducted an orderly withdrawal from the most exposed positions, but they have not allowed themselves to be outflanked or crushed, as they were in 1932. Their blocking of the Whangpoo by sinking Japanese ships was one of the dramatic feats in the history of modern warfare.

The great Japanese offensive of September 6-7 appears to have bogged down without any appreciable gain in territory. Chinese aviators, despite abominable marksmanship, have helped to prevent the landing of 20,000 sorely needed Japanese regulars. While it is inconceivable that the Chinese can hold on indefinitely in the Shanghai area, their brilliant defense against a foe far superior in equipment has done much to boost Chinese morale and destroy the myth of Japanese invincibility.

In North China the Chinese did not acquit themselves so creditaby in the early days of the conflict. Although Peiping was probably untenable, the failure of Chiang Kai-shek to give immediate support to the Twenty-ninth Route Army caused the city to be sold far too cheaply. The Chinese had a heaven-sent opportunity to counter-attack at the end of July, when the bulk of the Japanese army was held up in Manchuria by serious floods, but they failed to take advantage of the situation.

In recent weeks they have done much better. Their intrepid defense of Nankow Pass, though ultimately frustrated by a Japanese flanking movement, held up a large Japanese army for a fortnight and took a heavy toll in lives and equipment. During the last few weeks numerous bands of Chinese irregulars have appeared in the western hills near Peiping, ambushing Japanese, harassing lines of communication, and destroying war material. These bands have at times occupied villages within twenty miles of Peiping, and all efforts of the Japanese to dislodge them have proved singularly unsuccessful. The Chinese are still holding their own north of Paotingfu, the capital of Hopei, on the Peiping-Hankow railway, and are only a few miles south of Tientsin along the railway to Nanking. Heavy rains which have mired the Japanese motorized equipment have aided the Chinese throughout the entire region.

The loss of Kalgan undoubtedly represents China's most serious defeat, since it blocks the main road to Soviet Russia by way of Outer Mangolia. Reports from this area have been very fragmentary, but apparently Japan has not yet obtained control of the whole of Nankow Pass. This means that the Japanese at Kalgan have no direct means of communication with their base and, weakened by the revolt of their Manchurian mercenaries, may yet find themselves in difficulties.

In a struggle between massed armies China sooner or later is bound to be smashed. Although Chiang Kai-shek has several divisions of troops that man for man are equal or superior to any the Japanese can put in the field, he has not the artillery, tanks, or air force to hold out indefinitely against Japan's highy mechanized forces. His planes have shown up reasonably well compared with those of the Japanese, but they are outnumbered three or four to one. The Chinese armies have held their own at Shanghai because they had sense enough to withdraw when faced by overwhelming force. In the north a few thousand soldiers operating as guerrilla bands in the western hills and the Chinese plain-clothes men who penetrated into Tientsin in the early days of the conflict appear to have given the Japanese more trouble than the massed troops at Macheng or Paotingfu. Japanese mopping-up operations in the conquered areas around Shanghai have also been seriouly hampered by plain-clothes men and snipers. China is a huge country, and the farther the Japanese extend their lines the move vulnerable they will become in guerrilla warfare.

Perhaps the most successful exponents of guerrilla tactics in recent years have been the Chinese Communists. For nearly ten years a small red army, never numbering more than 200,000 men, conducted a hide-and-seek warfare over most of the provinces of China. At the end of the period the Chinese soviets not only were stronger numerically than at the beginning but had succeeded in indoctrinating the peasantry of a great part of China with their beliefs. If the Chinese red army had had to depend solely on its own numbers, it would have been exterminated many years ago. But the Communists early developed a technique of organizing the peasant population behind their lines, a strategy which proved of invaluable assistance. The peasants not only assisted in transport and other services which ordinarily fall upon the regular troops but very often appeared behind the Nanking lines attacking communications and destroying military supplies. They acted as snipers and often participated in mass maneuvers to mislead the enemy regarding the location of the army's real strength.

Although the fact is not generally known, a peasant army of some 150,000 men already exists in Manchuria, under centralized command, and has been conducting warfare along these lines. During the past year these forces have repeatedly swooped down on isolated Japanese posts, cut railways, destroyed bridges, and otherwise hampered communications. They have been particularly effective when the *kaoliang* stands high in the fields; in those seasons the Japanese have done well to hold the main towns and keep the railways operating.

If China is to conduct a successful struggle against Japan, Chiang Kai-shek will have to tear a leaf from the Communists' notebook and organize the peasantry for resistance. As yet, though there have been fragmentary reports of peasant activity, particularly between Tungchow and Tientsin in the early days of the conflict, Chiang does not appear to have encouraged these tactics. Nor has he made any attempt to use the veterans of the red army, who are generally recognized as the most effective troops in China.

The ability of China to wage guerrilla warfare until the complex and weakened Japanese economic system breaks down under the strain of attempting to maintain an army of 500,000 to 1,000,000 men on Chinese soil depends on a variety of considerations, chiefly that of morale. It has not been so many years since all that a foreign power had to do to intimidate China was to stage a show of force. The Japanese have used these tactics many times in recent years with fair success. But on this occasion mass attacks and relentless bombing of defenseless cities have brought, not a weakening in Chinese morale, but a mounting determination to fight to the finish. For the first time in history the Chinese people as a whole are thoroughly aroused to the danger which threatens them. Nanking is assured of popular support as long as it continues to fight. Despite Chiang Kai-shek's previous waverings, there is reason to believe that he will carry on the contest till the end. The Japanese have made it clear that they will insist on his elimination before any compromise can be reached. And with Chinese public opinion in its present temper, he has no choice but to fight.

It is true that there is a strong fascist clique at Nanking that would sell out to Japan rather than see China come under Soviet influence. It is also true that Chiang has retained his German and Italian advisers in the face of the open sympathy which their home governments have shown toward Japan. But open support for compromise with Japan is impossible in China today. The real desires of the fascist organizations cannot be revealed until the Chinese public begins to tire of the conflict.

By that time it is likely that Japan's political and economic structure will also be showing signs of strain. For the moment an overwhelming majority of the population is undoubtedly behind the government in its invasion of China. The average Japanese has been told so frequently that his army is carrying the light of civilization and peace to China that he accepts the statement without question. He is convinced that Japanese arms are unconquerable and believes that victory, in some vague way, will mean prosperity for Japan. Events have shown that the liberal reaction of which so much was

heard a few months ago was exaggerated. As was the case in 1931, the militarists have been able to use the conflict with China to destroy whatever strength Japanese liberalism may have possessed.

But it is axiomatic that public enthusiasm for an overseas war can only be maintained by victories and an ample food supply. Presumably the army propaganda bureau can furnish the triumphs, but food is likely to become a serious problem if the conflict is long protracted. While, owing to an extraordinarily good harvest this summer, no acute shortage may be expected for at least a year, production is bound to fall in another year with a large portion of the available man-power in the army. More immediately serious is the threat of financial and industrial disorganization. The Japanese national debt has reached the point where further borrowing can only result in inflation and a precipitous rise in prices. In trade circles it is reported that the normal Japanese exports of novelties for the Christmas season will be cut at least in half as a result of the inability of factories to obtain raw materials. While the disorganization of the consumer-goods industries will be offset for a time at least by the intense activity of the munitions plants, these too are bound to be ultimately affected by a shortage of raw materials. The breakdown of the exporting industries is bound, in turn, to create a further shortage of essential materials. Apart from coal, not a single one of the basic commodities which constitute the sinews of war can be obtained within the borders of Japan. Although the country doubtless has laid in heavy stocks, it is almost wholly dependent on imports for scrap iron, iron ore, cotton, oil, nickel, and all the alloys necessary for steel making. International sanctions or a strong private boycott would greatly hasten the inevitable breakdown of Japan's war machine.

China does not begin to have the financial and industrial resources which Japan possesses, but neither is its economy so sensitive to the catastrophic effect of war. From 85 to 90 per cent of China's population is directly dependent on agriculture; the actual industrial population is insignificant. Owing to the almost complete absence of transport facilities, each province and to a large extent each village is virtually self-sufficient. The destruction of Shanghai will have no effect on the living standards of the peasants in the interior provinces. Half the country could be laid waste without seriously influencing the economic structure of the other half.

It must be admitted, however, that China's ability to carry on a protracted struggle with Japan will depend on material assistance from abroad. Although it has a number of armories in which small arms and munitions are manufactured, some of the largest are in areas that are likely to fall quickly under Japanese control. Even guerrilla warfare requires rifles and ammunition, if not machine-guns and hand grenades. Airplanes are indispensable, and the gasoline and oil to operate them can only come from foreign countries.

The non-aggression pact recently signed between China and the Soviet Union suggests that the political difficulties between these two countries have been settled sufficiently to permit Russia to furnish some of the needed supplies. But the extent to which Russia can aid is drastically limited by geographic barriers. Although the two countries are contiguous for many thousands of miles, there is only one well-established caravan route through which a arge amount of supplies could be shipped by motor lorry—that from Urga to Kalgan. With this road blocked, more circuitous routes must be used across Mongolia or through Sinkang, and it is doubtful whether any of these can be developed for regular truck transportation. No obstacle exists, however, to the dispatch of aircraft, and it is highly possible that the recent report that seventy-two Soviet planes had arrived in northern Shensi is accurate.

The success of H. H. Kung, Chinese Minister of Finance, in obtaining credits in the United States and most of the democratic countries of Europe suggests that the demorcracies may give general economic support to China as an offset to the growth of world fascism. There has been no indication thus far, however, that these credits will be made available for the munitions which are desperately needed. Nor is it entirely clear that the Western powers intend to inforce their legal right to trade with China as long as Japan does not declare war. But the interests of the powers lie definitely in this direction; only an ultimate Chinese victory will preserve the Open Door. Given the aid to which it is entitled, China may yet startle the world by turning back the tide of Japanese aggression.

Italy Loses Many Men in Clash with Rebels in Abyssinia

The recent fighting with rebel tribesmen in Abyssinia has resulted in the deaths of 38 officers and 16 other ranks, according to an official communique issued in Rome Oct. 14. With the close of the rainy period, the communique stated, strong bodies of tribesmen have made surprise assaults on small isolated Italian outposts in the central part of the Ethiopian plateau. Italian troops promptly retailated, destroying several hordes of brigands, including many minor chieftains. Order has now been everywhere restored, it was averred.

Abyssinian People Continue Resistance to Italians

In spite of all its efforts, the Italian fascist press had failed in, its attempts to hush up the facts proving that the Abyssinian people are waging a partisan warfare againts the Italian occupants, a *Tass* message from Rome stated Oct. 16.

Italy Continues to Send Troops to Libya

Meanwhile, Italy this week continued to dispatch fresh troops to Libya. The Italian forces stationed there at present outnumber both the Egyptian and Tunisian garrisons. Besides white soldiers, there are about 20,000 native troops in Libya. The latter had previously participated in the Ethiopian campaign.

Apostolic Delegate Issues Cautious "Denial" of Aid to Japan

A *Reuter* message from Tokyo Oct. 15 quoted Mgr. Paul Marella, Apostolic Delegate to Japan, as saying that he had not received instructions from the Vatican that Catholic missions should assist in Japan's fight against Bolshevism. He added that the Holy See did not take sides in any political controversies throughout the world. Nevertheless, he declared, Japan's "fundamental opposition against Bolshevism was in unison with Catholic ideals, and a Japanese victory over Bolshevism would first benefit China and, eventually, the whole world."

Moscow Paper Comments on Vatican's Support of Japanese Aggression

Commenting on a report of the *Associated Press* concerning the Vatican's support of Japanese aggression in the Far East, the *Moscow Red Star* Oct. 16 recalled that in the time of seizure of Abyssinia by Italy, the Vatican gave its blessings to the blackshirts for the bloody campaign in Eastern Africa.

Alleged Agreement Between Holy See and Japan Denied by Mgr. Zanin

Monsignor Mario Zanin, Apostolic delegate to China, who conducted a mass prayer for the welfare of China last month, branded as a pure fabrication (Sian, Oct. 19) the report that the Holy See had concluded an agreement with Japan in regard to the current Sino-Japanese conflict. An official denial of the report has been received by Monsignor Zanin from the Catholic Church in Rome.

Britain Is Determined to Defend Freedom of Mediterranean

Britain's determination to defend the freedom of the Mediterranean was affirmed in a speech made by the British Foreign Secretary, Anthony Eden, at Llandudno in Wales, Oct. 15.

Soviet Officers at Variance Regarding Policy Towards China

Soviet Russia's policy towards China stands at the cross-roads in consequence of a divergence of views between the Soviet Ambassador to China, M. Bogomolov, and the Soviet military attache, Major-General Lepin, according to the Shanghai correspondent of the Tokyo *Nichi Nichi*, Oct. 16.

M. Bogomolov, the correspondent states, advocates the return of Outer Mongolia to China and the reorganization of Outer Mongolian troops as part of the Chinese Army with a view to making them join in the hostilities against Japan.

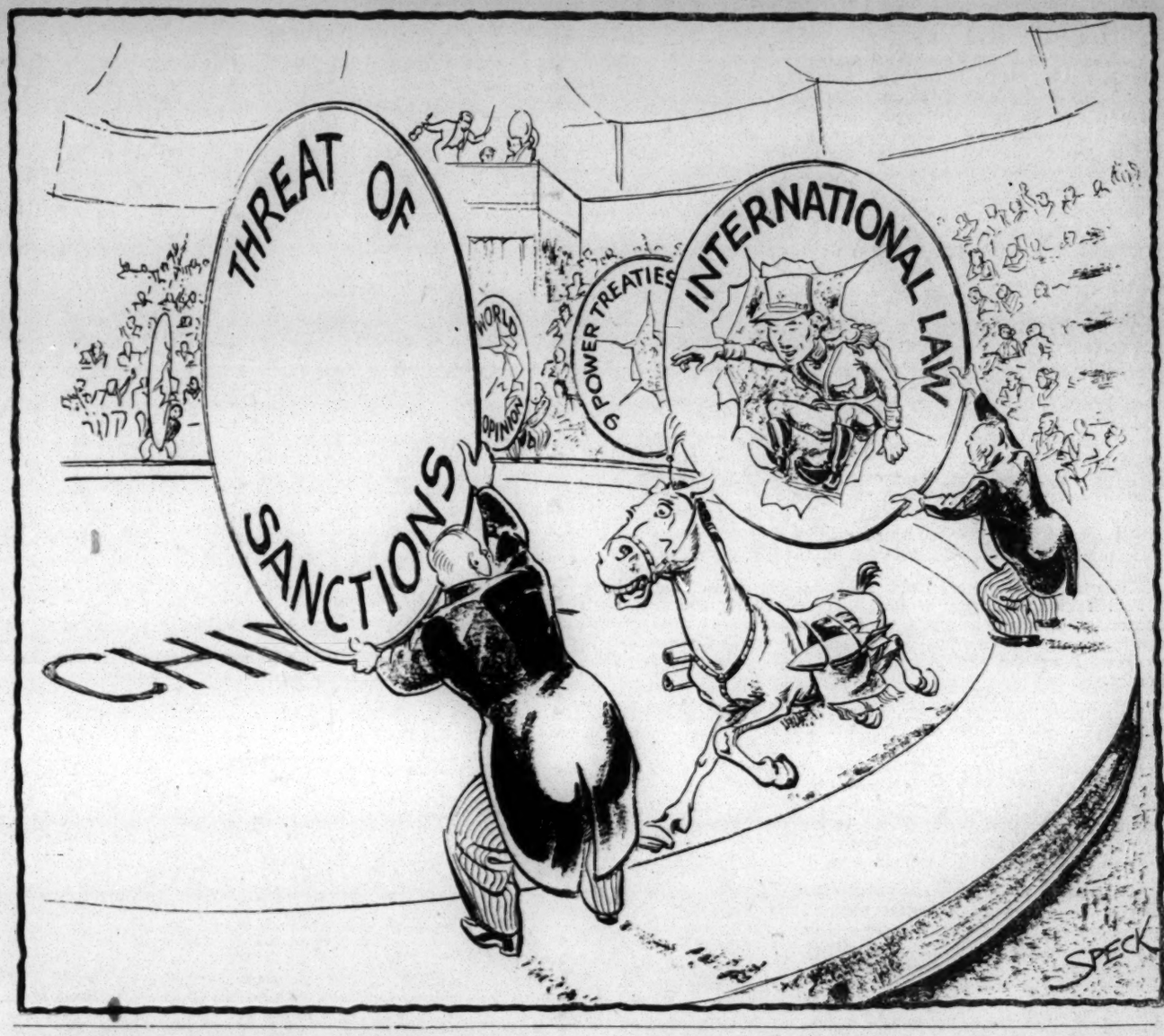
Major-General Lepin, however, the correspondent proceeds, deprecates the restitution of Outer Mongolia to China on the ground that "a frontal clash between Japan and the Soviet Union would ensue if Outer Mongolia entered the war on the side of the Chinese."

The Major-General, the correspondent declares, holds the view that Russia must avoid direct entanglement in the Sino-Japanese conflict but, instead, "must manipulate to secure international interference."

Both M. Bogomolov and Major-General Lepin are said to have submitted their views to their home government.

The correspondent attaches importance to the "new" Soviet policy towards China, which, he says, is" likely to take definite form with the return of M. Bogomolov to Nanking from Moscow."

WILL HE MAKE THIS ONE—TOO?



Former U.S. Secretary of State Stimson Urges Embargo on Japan

A demand for an embargo on exports to Japan and an appeal to the United States Government to co-operate with Great Britain in organizing this embargo, were the main features of a letter sent to the *New York Times* by Colonel Henry L. Stimson, former Secretary of State, Oct. 7. Colonel Stimson stated in the letter that no raw materials should be sent to Japan which could be used in the manufacture of arms, and added that he approved fully President Roosevelt's speech and the communique published by the State Department. "We must rely on the revival of American courage to face responsibilities in the present crisis," the letter added. "We must not hesitate to co-operate with other nations who are facing their problems squarely." An isolation policy will not preserve the United States from a war, he proceeded, while the Neutrality Act is "immoral." He added that if the United States followed her present policy there are considerably more chances for her to be drawn into a war. In conclusion, he stated that allthough he did not favor armed intervention in the Sino-Japanese conflict, the latter was not the only measure which could be taken and did not mean that "a shameful passive acceptation should become a 'fait accompli.'"

Boycott Would Throw Many American Workers Out of Jobs

Alfred Hoffman, representing the American Federation of Hosiery Workers announced in New York Oct. 7 that 8,500 members, as well as 1,500 silk-throwing workers together with thousands of salesmen, would be thrown out of employment in case of a boycott against Japanese silk.

American Labor Urges Boycott Japanese Goods

An appeal to the annual convention at Denver of the American Federation of Labor to support the British Labor Party in boycotting Japanese goods was made Oct. 7 by the President, William Green.

Mr. Woll, Vice-President of the Federation, also demanded a boycott against Japanese goods.

He said he was confident that the American people would not want to assist Japan indirectly "in her campaign of violent aggression."

An unofficial boycott of Japanese goods, signs of which are appearing in many directions, is being actively pushed by the Labor press.

Senator Key Pitman Supports Boycott Idea

A boycott against Japan is being urged by Senator Key Pittman, Democrat from Nevada, in a recent speech who said: "Let the civilized Governments, which are backed by 90 per cent of the people, ostracize Japan, let them refuse to have any dealings with Japan and there need not be a single shot fired."

London "Daily Herald" Gives Prominence to Madame Sun's Appeal

The London *Daily Herald* gave prominence to a cable from Madame Sun Yat-sen to the Labor Party stressing China's struggle "for national existence" and appealing to "your great Labor Party to express its sympathy in unmistakable action against Japan's mad venture to destroy civilization."

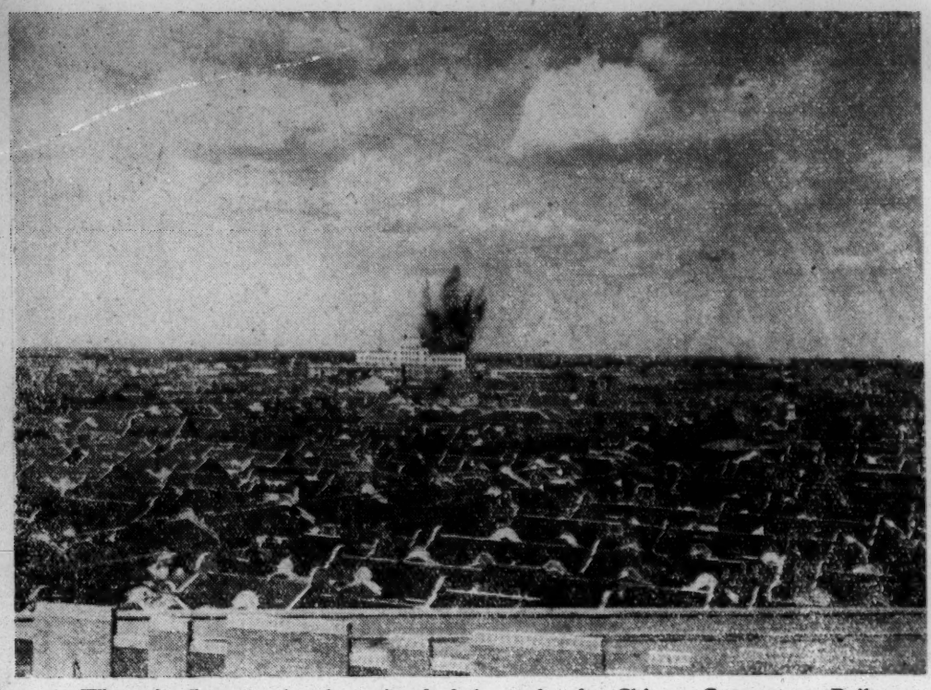
Tagore Opposes Japan—Refuses Plea of Indians in Japan

Sir Rabindranath Tagore, the famous Indian poet, has declined a cabled request from Indians in Tokyo to prevent Jawaharlal Nenru, the Indian Nationalist leader and members of the Indian National Congress from conducting anti-Japanese activities in Calcutta and other parts of India.

After referring to "pitiless massacres," Dr. Tagore asks: "If outraged conscience the world over cries out against such wrong, who am I to recall such a righteous protests?"

Belgian Socialists Urge Embargo in Japan

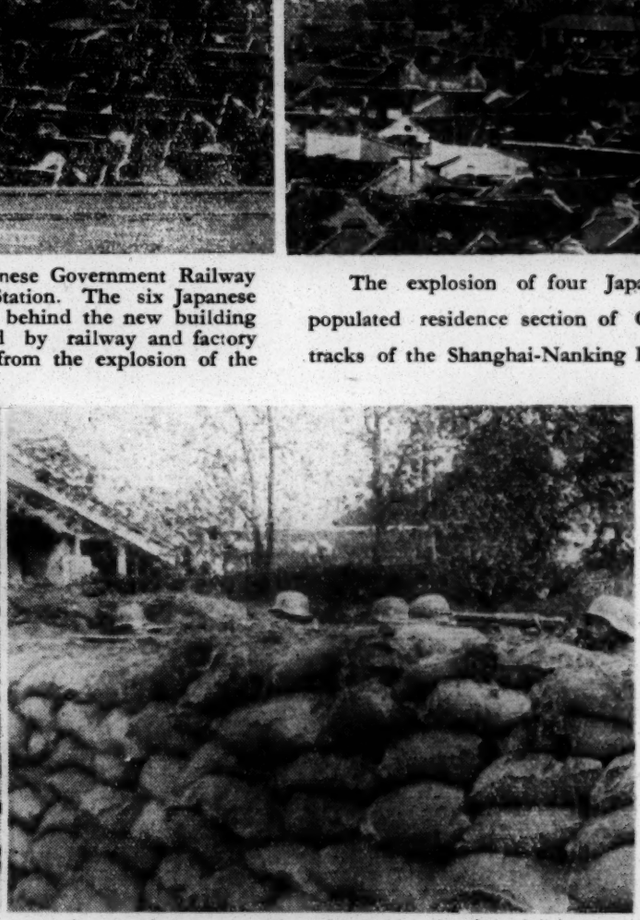
The National congress of the Socialist Party Oct. 10 adopted unanimously a resolution favoring collective security and demanding an iron and petroleum embargo against Japan.



When six Japanese bombs missed their mark, the Chinese Government Railway Administration Building at the Shanghai North Railway Station. The six Japanese bombs, all dropped at one time fell a considerable distance behind the new building causing much destruction in an area normally populated by railway and factory workers. Note the six jets of smoke and flame resulting from the explosion of the bombs.

The explosion of four Japanese air-bombs populated residence section of Chapei. The bor tracks of the Shanghai-Nanking Railway but miss

Left—Chinese officers study the map of the Shanghai terrain.



Right—Chinese sand-bag barricades in the vicinity of Shanghai.

JAPANESE USE NEW AMMUNITION IN

On the Chinese front in the vicinity of Shanghai—*Left*, Watching the enemy—*Right*—Chinese attack with "potato-masher" hand-grenades.

Gen. Han Fu-chu's Forces Prepare to Meet Japanese Onslaught

Japanese forces on the Tsinpu front are faced with a fresh momentous situation, according to semi-official Japanese reports from Tehchow, as the Shantung provincial forces, under Gen. Han Fu-chu, chairman of Shantung, have started active preparations to meet the Japanese onslaught at Wuchenghsien. The 11th and 70th Divisions of Gen. Han's troops are entrenching themselves across the railway line.

Remnants of the 29th Route Army are retreating to Tamingfu, west of the railway, the reports stated.

The above is a photograph of a Japa fragment picked up in the Shanghai area. of brass and bears the inscription "12

ir-bombs which fell in a normally densely
The bombs apparently were aimed at the
but missed their mark.

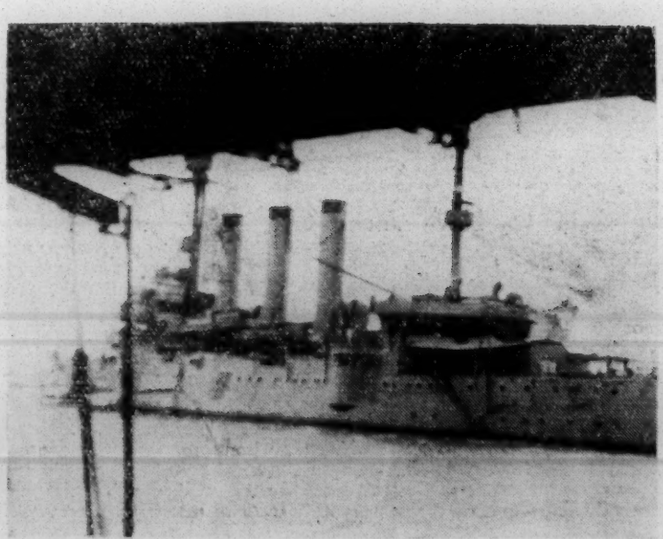
A remarkable photograph showing debris thrown up by the explosion of several Japanese air-bombs dropped simultaneously in the Chapei district. A piece of iron weighing 22-pounds, thrown up by this explosion, fell in a street in the International Settlement seneral blocks from the scene of the bombing.

Left—China machine-gunner on the Shanghai front—*Right*—Chinese troops charging in open formation in the vicinity of Shanghai.

TION IN SHANGHAI

of a Japanese bomb
hai area. It is made
tion "12th year of

Showa, seventh month," in other words it was made in July of this year—less than three months ago. This would indicate that the Japanese have already run out of their previously prepared stocks of ammunition and are drawing on supplies as fast as they can be manufactured. The Japanese have been notoriously wasteful in the use of ammunition in the Shanghai area. It is part of Chinese strategy to induce the Japanese to incur huge expense in the use of ammunition, with the quite justified hope that Japan's financial structure will eventually crack up.



The ancient Japanese cruiser "Idzumo" long anchored in the Whangpoo alongside the JapaneseConsulate-General has been the object of Chinese airbombs and artillery attacks, since the beginning of the struggle. This picture was snapped from a passing steamer.

Gen. Matsui Says Foreign Intercession in China Will Prolong Conflict

"Any action taken by the Powers to intercede in the current Sino-Japanese hostilities would only result in a prolongation of the conflict," the *Shanghai United News* stated in its editorial columns Oct. 16. "China," the daily declared, "would proceed on the face of such action taken by the Powers, to maintain her anti-Japanese policies." Commenting on the forthcoming conference of Nine-Power Pact signatories to be held in Brussels from October 30, the journal wondered whether the convocation of such a gathering would "stop the fair steps being taken to put an end to the atrocities of the Chinese army."

"FOOLED THE CHINESE"

Gen. Iwane Matsui, Commander-in-Chief of the combined Japanese Army and Naval forces at Shanghai. Gen. Matsui once served as Military Attache and "special service officer" in China and claims to understand the Chinese as well as his own countrymen. Matsui, according to an article in *Time* once cooperated with the late Dr. Sun Yat-sen in the promotion of Pan-Asianism, in which position he allegedly boasted that he was able to "fool a good many naturally-cautious Chinese who received him with open arms." He said his real purpose now was "not to fool the Chinese but to fight them.

Continuing, the paper said, "No one will deny the fact that Japan has been forced to resort to arms to punish the actions of the Chinese military and also to put an end to the ever-growing anti-Japanese tendencies in China." Incidentally Gen. Matsui stated that the aim of the Shanghai Expeditionary Force is to "scourge the Chinese Government.

The paper then charged that "despite the voice raised by China to promote friendly relations with Japan, the Nanking Government has blindly adhered to her policy of anti-Japanism with which it seeks to unify the country." After asserting that Japan "has many times had the experience of feeling the bitter treachery of the Chinese," the paper said, "Japan has lost patience and has been forced to seek retribution by force of arms." "Public opinion in Japan," the journal said, "shows clearly that it is absolutely necessary for Japan to liquidate all contradictory points existing in Sino-Japanese relations. "Considered in this light," the paper continued, it would be futile for the Powers to intercede to try and prevent Japan from pursuing her established policy." The paper then pointed out that some persons in the United States and Great Britain "recognized the Japanese stand, but unfortunately the Governments have yet to see the Japanese side."

The journal then recalled the proclamation issued by General Iwane Matsui, commander-in-chief of the Japanese expeditionary force in the Shanghai area, in which he emphasised that Japan has "no intention of impairing the vested rights and interests enjoyed by the Powers in China."

"Japan," the paper said in conclusion, "is not asking China to give up anything, or asking the Powers with interests in China to withdraw, but is merely determined to crush China's armed forces and those who resist Japan under the Communist banner."

Ma Chan-shan Said to Have Made Off With $300,000

Charges of "extorting $300,000 in gold bullion and bank notes" were laid at the feet of General Ma Chan-shan of Nonni River bridge fame by an official of the Kweisui Traders' Association who was interviewed by *Domei* in Kweisui Oct. 16. On October 11, the official told *Domei*, "when General Ma was withdrawing from the capital," he "urged the association to turn over $500,000 worth of gold and silver bullion," on receipt of which he "promised" not to "drag the capital into a conflict between his own forces and the Japanese troops."

General Ma Chan-san is best known as the hero of Nonni River Bridge. He is, however, an adept at intrigue, as is to be inferred from the following extract from his autobiography in "Who's Who" (*China Weekly Review*, 5th Edition): "Following the capture of Tsitsihar, provincial Capital of Heilungkiang on Nov. 19, 1931, by the Japanese troops, he and his Government moved to Hailun in North Heilungkiang which he made his new base of operations against the Japanese: while he was thus entrenched in Hailun, he was daily overwhelmed with furious offensives by the Japanese, but could not be dislodged: failing to subjugate his indomitable spirit by force, the Japanese resorted to the subtle methods of persuasion and bribery; in order to learn the secrets of the Japanese intrigues and designs, he permitted himself to be influenced by the Japanese persuasions and gracefully joined the rank of the invaders; he participated in the establishment of the Japanese puppet "Manchukuo" and accepted the post of Minister of War in the Cabinet, but carefully preserved his hold on Heilungkiang as Chairman of the Provincial Government; after obtaining a huge sum of funds from the Japanese and a large quantity of arms and ammunition, he swiftly but ingenuously carried out a coup d'etat in Tsitsihar, openly departing from the provincial capital on a pretended inspection tour; he went straight to Hailun where he effected a speedy reorganization of his troops and declared his opposition to the Manchukuo and its Japanese creators at the very moment when the Lytton Inquiry Commission entered Manchuria to conduct its investigation; from Hailun, he issued a 5,000 word telegram broadcasted from a Chinese Consulate on the Soviet Border exposing and denouncing the Japanese intrigues in Manchuria; then he resumed his campaign against the Japanese and fought many bloody battles; time and again, he was reported killed in action by the Japanese military, but these reports belied themselves by his continuous resistance."

Dr. H. H. Kung Back from Europe, Says World Realizes Menace of Japan

Dr. H. H. Kung, Vice-President of the Executive Yuan and Minister of Finance, returned to Shanghai Oct. 18 after a six-month official tour of England and the Continent. He came as far as Manila by an Italian liner and then took a plane to Hongkong whence he came to Shanghai by steamer.

In an interview after his arrival Dr. Kung, among other things, said:—"I did not have to plead for our national cause. "The world today knows clearly the dangers of the Japanese menace. The lawless and brutal acts of the Japanese militarists have turned the world against them, notwithstanding the clever and extensive campaign of their propagandists. For if Japan's policy of 'grab-and-smash' were to go unchecked in China, where will be the peace and security of other peoples in Asia, in the Pacific, in the world? And, if Japan's lawlessness and brutalism were to go unchallenged, it must tend to undermine all the past and present efforts made towards peace and security in Europe. When a household is attacked by robbers, it is little wonder that next-door neighbors should feel concerned over the menace that threatens the whole community. So it is among nations. Nations realize Japan's unbounded lust for power and supremacy. They know that, if Japan should succeed in her present attempt to conquer and dominate China—which God forbid—then the burden of defending themselves against the common menace will soon fall upon themselves."

The rising tide of world condemnation, the indictment of responsible leaders in the world and the resolution of the League Assembly against Japan's aggression in China, Dr. Kung remarked, led him to the belief that while the sanctity of international law and morality was seriously undermined and the forces of war and aggression were rampant in the Far East, there still remained hope for the future in the existence of a righteous and courageous public opinion in the world.

"With such strong support behind them," he said, "the Chinese people cannot but feel determined to bear any pains and sacrifices in resisting the Japanese aggressors, so that the future of world peace and democracy may be safeguarded and their own national territory and sovereignty defended."

Japan Aiming at Conquest of Asia, Says Dr. H. H. Kung

The Japanese slogan "Asia for Asiatics" can mean only one thing, namely, "Asia for the Japanese," and Japan's aim is to conquer China as a step toward the realization of her dream of dominating the world. Thus said Dr. H. H. Kung, Chinese Minister of Finance, to a group of Chinese and foreign correspondents who interviewed him shortly after his arrival from Manila in Hongkong, Oct. 15. Japanese aggression is not only directed against China but also against the League of Nations. The latter, therefore should fulfill its obligations and help China who is the victim, Dr. Kung stressed.

Favored with vast territories and armed with the determination of every Chinese to sacrifice, China is assured of an eventual victory in a long-drawn-out war of resistance against Japan, the Chinese statesman said.

T. V. Soong Answers Japanese on the Liberty Bond Campaign

Answering Japanese propaganda that the Liberty Bond campaign is going none too well, and that few of the Chinese wealthy or well-to-do people have subscribed to the Loan, T. V. Soong, Chairman of the Liberty Loan Committee, in a recent interview said that more than $250,000,000 of the Liberty Bonds have already been subscribed in this country at par, which must be considered a worthy manifestation of the patriotism of the people, as the campaign has been under way for only a few weeks. The sale of these bonds said Mr. Soong, is in pleasing contrast to the situation in Japan where the 'China Incident' bonds were forced down the throats of the Japanese bankers whose portfolios were already overladen with government bonds, thus creating the 'Red Ink bonds' problem, and accelerating the collapse of the Japanese economic and currency structure."

Turning to the allegation that none of the wealthy people had subscribed to the Bonds, Mr. Soong added that in Shanghai alone more than $10,000,000 have been subscribed by the wealthy or well-to-do people in blocks of $50,000 and upwards, in addition to indirect subscriptions through their business interests. "The Japanese statement that the bonds are sold at a discount is a pure fabrication. The bonds are sold at par. In fact, this is the first time that a Government loan was ever issued at par," Mr. Soong added.

Nanking Government Doubles Stamp Tax

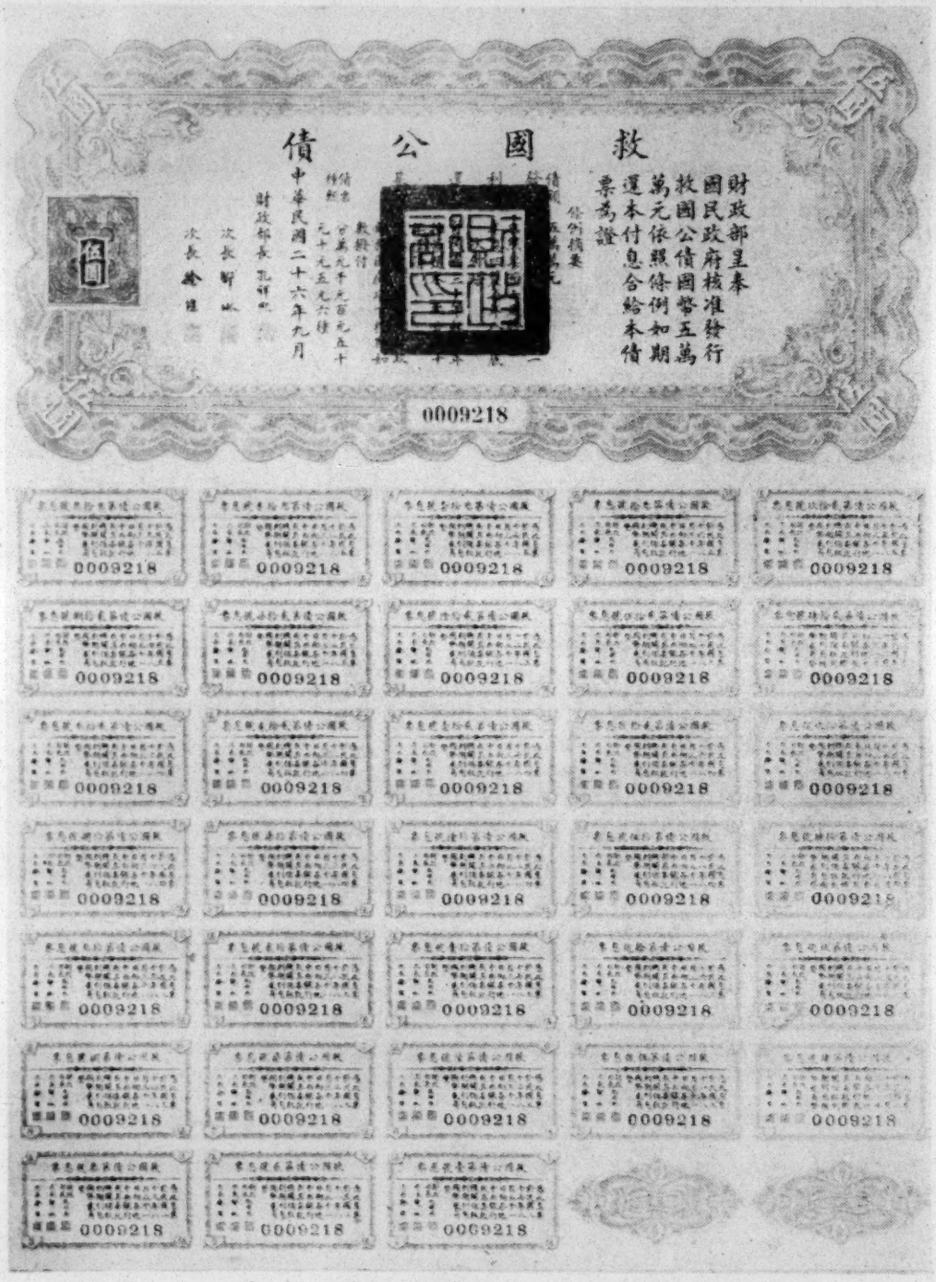
A telegram from Nanking, Oct. 15, stated that, in order to increase the revenue of the Government, the rates of the Stamp Tax are to be doubled immediately. The Ministry of Finance has announced a set of Provisional Measures governing the Collection of the Documentary Stamp Tax during the present period of extraordinary emergency (*Fei-Chang Shih-Chi Cheng-Shou Yin-Hua Shui Chan-Hsing Pan-Fa*), and has issued a notification giving instructions National Federation of Chambers of Commerce, concerning the collection of the tax.

Gen. Chen Asked to Give Substantial Sum for Canton Defense

A group of leading citizens of Canton called on General Chen Chi-tang, former chairman of Kwangtung, asking him to express his love for his home province by donating $10,000,000 for the strengthening of Kwangtung's air defense forces. It is not known, however, whether General Chen, who returned to Canton from Europe only recently, has promised to make the donation.

British Open Drive for Funds for War Victims

The London Lord Mayor officially opened a relief fund for sufferers from the war in China Oct. 15 after a broadcast appeal the previous evening. Sir Abe Bailey, the well-known financier, has forwarded ?1,000, Althojugh he did not make it a condition, he expressed the desire that ?275 of it should be allocated to the Lester Hospital in Shanghai moteet urgent medical supplies.



This is a reproduction of a $5 Chinese "Liberty Bond," of which more than $250,000,000 have been sold, according to a statement by T. V. Soong, Chairman of the Committee. The bonds are all of the coupon variety and pay interest at the rate of 4 percent per annum. Each coupon on the above bond may be cashed on August 31 for 20-cents. The loan "shall be redeemed by yearly amortization by drawing commencing in the 30th year of the Republic (1941) and completing within 30-years."

Admiral Sah Will Solicit Liberty Bond Subscriptions in British Malaya

Admiral Sah Chen-ping, retired naval commander and the "Grand Old Man of Fukien," who came to Shanghai some time ago to "comfort" Chinese soldiers on behalf of the Fukien populace, proceeded this week to Hongkong whence he will proceed to British Malaya for a two-month trip to solicit subscriptions for Liberty Bonds.

Students of Yenching University Arrested by Japanese

Reports received in Hankow last week stated that a number of students of the Yenching University, famous American missionary educational institution in Peiping, had been arrested by the Japanese military authorities a few days previously. The university as a result was compelled to suspend classes. Dr. J. Leighten Stuart, President of the University, was reported to have stayed in the university campus.

Withdrawal of Chinese Army South of Yellow River Foreshadowed

A general Chinese withdrawal to south of the Yellow River, abandoning Hopei, Shansi, northern Shantung and the greater part of Suiyuan to the Japanese, is now regarded as almost inevitable in consequence of the continued advance of the Japanese, a *Reuter* message from Peiping Oct. 16, stated.

Japanese troops in North China continued their advance this week. Foreign despatches state that Chinese officers attribute their defeats entirely to the lack of artillery support.

In the Shansi area, Taiyuanfu, the capital of the province, is threatened by a further advance of the Japanese force approaching from the east along the railway from Shihchiachwang.

It is now admitted, however, that Hsinhsien, which was previously reported captured by the Japanese, is still held by the Chinese. The Japanese are said to be preparing to attack the city, where a large Chinese force is concentrated.

In the Tientsin-Pukow Railway zone, the Japanese column which captured Pingyuan was reported to be approaching Yucheng, 19 miles north of the Yellow River.

Japanese forces launched an attack Oct. 18 on Fenglochen, the first Honan station on the Peiping-Hankow line. The Hopei-Honan border was crossed by Japanese units at 4.30 a.m. as they pursued Chinese troops driven out of Hantan, 442 km. south-west of Peiping, at 6 p.m. the previous day.

Meanwhile, in Shansi, the 5,000 men of the former Communist Army and the Central Government's troops withdraw towards Sinhsien from Sinkowchen, after a three-day stubborn resistance, according to a Japanese announcement. Japanese forces were said to be nearing Sinhsien, which lies 50 km. north of Taiyuan.

On the Shantung front, the Japanese troops, another communique claimed, captured Talichichai, 30 km. west of Changchuang, on Oct. 14. Changchuang itself was taken by another detachment. Gen. Han Fu-chu, Chairman of Shantung Province, was reported to be strengthening the coastal defences of the province.

Kwangping, about 45 km. southeast of Hantan, was occupied by two Japanese columns, according to a communique issued by the headquarters of the North China Garrison, Oct. 18.

Japanese Troops Capture Pingyuan

Japanese troops on the night of Oct. 14 captured the walled town of Pingyuan, 80 kilometres north of Tsinan on the Tientsin-Pukow Railway. The town was captured after a bitter engagement which lasted for eight hours.

Japanese Occupy Town of Hantan

Advancing more than eighty kilometres in less than two days on the heels of the retiring Chinese, Japanese units at six o'clock a.m. Oct. 17 occupied the large town of Hantan, approximately sixteen kilometres north of the Honan border, according to an announcement by the headquarters of the Japanese North China Garrison.

Japanese Lose Heavily in Northern Shansi

Japanese casualties, since the launching of the counter-offensive Oct. 14 by the Chinese troops on the Japanese invaders in northern Shansi, totalled not less than 5,000, it was stated in official circles in Taiyuan, Oct. 16. The loss on the Chinese side was also heavy, two Brigadier Commanders being among the wounded.

Desperate Fighting in North Shansi

Desperate fighting was proceeding Oct. 17 in North Shansi where Chinese troops, supported by aircraft and artillery, began a determined attack late at night . The Chinese surrounded between 30,000 and 40,000 Japanese troops in the Yuanping area, according to Chinese reports. Japanese aeroplanes, it is claimed, dropped a message to the beleaguered troops to "hold their positions at any cost, as reinforcements will be arriving on Sunday." One despatch said that a small Japanese unit made a surprise raid and entered Niangtzekuan Pass, on the border of Hopei and Shansi provinces, some days ago, but were immediately repulsed, "and Chinese troops are at present holding the pass."

Japanese Say Hopei Has Been Cleared of Chinese Troops

With the withdrawal of the Chinese troops across the Honan border, Hopei was cleared of Chinese troops, the headquarters of the Japanese Garrison announced in Tientsin Oct. 16. The main body of the Japanese forces entered Shunteh, an important station on the Peiping-Hankow Railway, at 3 o'clock the previous afternoon. The town lies less than 100 klms. north of the Honan-Hopei border.

Chinese in Hongkong Contribute Liberally to Country's War Chest

Up to October 13, it is reported the Chinese community in Hongkong had donated already $2,000,000 Hongkong currency and $300,000 Chinese currency toward China's war chest.

Paotow Capture Gives Japan Dominance in Mongolia

By capturing Pacho, 30 klms. west of Paotow, Oct. 17, the Japanese and Inner Mongolian forces have "nearly completed" a wedge which will prevent the Nanking Government and the Chinese Communist Armies from receiving assistance from Ulan Bator Hata, Capital of the Outer Mongolian Soviet Republic, Japanese officers in Tientsin asserted Oct. 18. The Japanese Army, they added, will also now be in a position to exert strategical pressure upon the provinces of Ninghsia, Kansu and Shensi.

Japanese Say 4,000 Chinese Near Paotow "Virtually Annihilated"

The story of the "virtual annihilation" of 4,000 Chinese soldiers trapped by the Japanese during mopping-up operations near Paotow, was told to a correspondent of *Domei* by Captain Kiyoshi Michimori at Paotow Oct. 19. Giving a brief description of the capture of Paotow, Captain Michimori said that the powerful Japanese drive toward the city "was impossible to stop," the Japanese units sweeping into the Chinese stronghold.

The Chinese withdrawal, the officer continued, "was cut off by a severe bombardment and strafing of the fleeing column by army planes." "One of the planes," he continued, "dropped a metal message tube within the Japanese lines informing us of the concentration of approximately 4,000 men a short distance away. Our first attack on the Chinese force was made through machine gun units which poured round after round into the bewildered Chinese. More than 800 of them must have collapsed at the first burst and within an hour's time, two-thirds of them were wiped out."

Paotow Falls into Japanese Hands

Paotow, the western terminus of the Peiping-Suiyuan Railway, was captured by Japanese troops, according to a semi-official Japanese report of Oct. 17. Previously, the report stated, the Japanese occupied Tengkou, thirteen miles to the east, after a severe battle with 2,000 Chinese cavalry at Salachi. The report added that Japanese artillery played a conspicuous part in the action. The capture of Paotow represents an advance of eighty miles since the fall of Kweihua on October 14.

Mongol Tribes Pledge Allegiance to Teh Wang

Representatives of Mongol banners and tribes gathered in Paotow Oct. 19 to pledge their allegiance to Prince Teh, Commander-in-Chief of the Mongolian cavalry, which aided the Japanese Army in occupying the provinces of Chahar and Suiyuan.

High Japanese officers revealed that the Mongol princes and bannermen had, moreover, promised to co-operate with Prince Teh in "emancipating Inner Mongolia from Chinese oppression and checking Communist penetration from Outer Mongolia."

The Nanking Government, one of these officers declared in an interview with *Domei*, "has long been using the Peiping-Suiyuan Railway as the base of the its operations against the Mongol autonomy movement and also against collaboration between the local Chinese authorities in the Peiping-Tientsin area and Japan.

"This scheme, however," the officer declared, "has been frustrated by the occupation of Chahar and Suiyuan jointly by Japanese, Manchukuo and Mongolian troops."

"The Japanese troops," he also declared, "by holding Paotow will interrupt the flow of Soviet military supplies to China through Outer Mongolia. "Henceforth, these war supplies will be sent only through Kansu and Shensi, where the Chinese Communist troops will be forced to retreat with their advance northward checked."

Gen. Li Shou-hsin, who entered Paotow Oct. 18, first gained renown in December, 1935, when his force of irregulars occupied six hsiens in the central part of Chahar. In the following months, this force made an abortive attempt to penetrate Suiyuan.

Memorial Service Held for Late Major-Gen. Chiang Yu-chen

In recognition of his gallant defence and heroic sacrifice at Yuanping, 73 miles north of Taiyuan, provincial capital of Shansi, a memorial service in honor of the late Major-General Chiang Yu-chen, Commander of the 196th Brigade, was held by various organs and civic organizations in Taiyuan, Oct. 15. Major-General Chiang was entrusted by General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, on the 1st inst., with the defence of Yuanping while the Government troops were being concentrated for the launching of a general counter-attack on the invaders. For nine days and nights, Major-General Chiang's brigade faced the gruelling attacks of the enemy airplanes and artillery. Although greatly outnumbered, Major-General Chiang fought undauntedly at the head of his troops and inflicted heavy losses on the attackers. Even after his regimental commanders—Chang Chen-ling and Ku Shu-feng—had been seriously wounded, Major-General Chiang held on, thus enabling the Government plans to be successfully executed.

Nanking Is Subjected to Repeated Bombings by Japanese

Ten Japanese planes, consisting of five pursuit machines and five heavy bombers, again raided Nanking Oct. 18. The five bombers were visible to the naked eye, but the pursuit planes flew too high to be seen. The raiders appeared from the east at 2.40 p.m. and bombed, from a great height, the Chinese aerodrome outside Kwanghuamen. They met heavy anti-aircraft fire from below. After releasing their bombs, the planes flew away towards the east, and the "all-clear" was sounded at 3.50. One Japanese bomber was brought down in the vicinity of Tongshan, the hot spring resort south-east of Nanking. It is not yet known whether the machine crashed because of engine trouble or anti-aircraft fire. The pilot jumped out of the plane with a parachute. The pilot of the ill-fated machine landed at Tangshan, south-east of Nanking, and was taken prisoner, later.

Nanking was subjected to very severe bombing early in the afternoon of Oct. 19 when heavy Japanese aeroplanes let loose a hail of bombs on the airdrome and on the Pukow side of the river. Three bombers from the west dropped more than ten bombs simultaneously on one spot at the airdrome, outside Kwanghuamen, causing many explosions and throwing up a dense column of smoke and fire. Two machines coming from the east let loose their missiles on the same spot.

While Japanese raids were taking place in the south-east, several 'planes attempted to bomb the ferry wharfs at Pukow, causing the heaviest damage and casualties inflicted on that date.

Eight bombs were dropped on the wharves Nos. 2 and 9 in the midst of the railway workers' and laborers' dwelling, killing eight and wounding ever thirty. Over 100 houses were destroyed in a conflagration lasting over an hour. The train ferry station was also set on fire.

Seven bombs fell into the Yangtze River. In spite of Chinese reports to the contrary, the ferry wharf at Hsiakwan, on the Nanking side of the river, was not hit.

Tokyo Admits Five Planes Lost in Air Raid on Nanking

The loss of five machines in two air raids on Nanking on Tuesday, October 12, was admitted in a communique issued in Tokyo, Oct. 15, by the Admiralty concerning the activity of Japanese naval aircraft in China. The statement claims, however, that eight Chinese planes were brought down on the same day. Among objectives bombed in north, central and south China by Japanese machines between October 12 and 14, according to the communique, were troop trains on the Tientsin-Pukow Railway, the airdrome at Hofei, in Anhui province, and the military arsenal at Shiuchow, on the Canton-Hankow Railway, 170 miles north of Canton.

Another Foreign Party Attacked by Japanese Planes

Japanese bombing planes machine-gunned a motoring party of foreigners during the forenoon of Oct. 19 near Soochow. Leaving Shanghai for Nanking in two motor cars at 6 o'clock in the morning the party including Lieutenant Francisco Ribezzi, Italian Naval Attache, was attacked by three planes at 9.18 o'clock. Swooping down upon the cars by turn, the planes opened fire with machine-guns, filling the cars with bullet holes. All the occupants, who had hurriedly left their cars and sought refuge when they found out they were being pursued by the Japanese machines, escaped without injury. The party arrived in Nanking late in the afternoon.

Included in the party besides the Italian Naval Attache were Mr. Fittinghoff, Herr Hirschberg, son of the local German physician, Dr. Hirschberg, and S. T. Wei, Manager of the Nanking International Club.

Britain Protests to Tokyo on Airplane Attack Near Minghong

Acting upon instructions, Sir Robert Craigie, the British Ambassador, handed a Note to Foreign Minister, Hirota in Tokyo Oct. 15, protesting against the attack made on a party of Britons by Japanese aeroplanes near Minghong, 14 miles sosuth of Shanghai, on October 12. Sir Robert and Mr. Hirota exchanged views on the subject. It is believed in the Japanese Capital that the incident will be settled quickly and amicably, possibly on the basis of a Japanese expression of regret with a statement that the Japanese 'planes were too high to observe the flag markings on the motor cars.

Berlin Protestant Mission Near Canton Bombed by Japanese Planes

The Berlin Protestant Mission at Shiukwan, north of Canton, on the Hankow Railway, was bombed Oct. 15, according to a telegram received by the German Consulate. There were no foreign casualties and the damage is not yet known. Chinese reports claimed that two Japanese planes were shot down during the raid on the Canton-Kowloon Railway, Oct. 15.

Japanese Bombing Program Is One of Ruthless Destruction, Says Dr. F. E. Bates

Dr. F. E. Bates, an American missionary doctor in charge of a hospital in the eastern suburbs of Canton not far from the flying field which has been subjected to many heavy attacks, gave eye-witness accounts of the massacre of Cantonese civilians by Japanese aerials in a pamphlet recently issued by the Canton Committee for Jstice to China. The account says the scenes of human pain and woe were almost innumerable and defy description. The victims were not living near a military camp, or arsenal, important railroad, or any kind of military defnese works. It is evident, said Dr. Bates, the Japanese program was one of ruthless destruction and terror.

Japanese Planes Attack Wounded Soldiers and Refugees

Two trains, one conveying wounded soldiers and the other refugees, which were halted outside the Kashan station on the Shanghai-Hangchow Railway, were subjected to attacks by Japanese planes at 8.30 a.m. Oct. 16. About 40 persons were killed and injured. Despite the Red Cross signs conspicuously painted on the top and both sides of the coaches, the train conveying wounded soldiers was made the target of bombing by the Japanese raiders. Fortunately, no direct hits, however, were registered.

German Consul Makes Protest Over Bombing

A protest was lodged Oct. 19 by in the German Consulate-General in Shanghai with the Japanese Consulate-General and Mayor O. K. Yui regarding the damage to the property of German residents as results of the recent fighting in the immediate vicinity of the International Settlement. The protest also notified both quarters that the right to demand compensation would be reserved.

In the representations to the Japanese Consulate the German note pointed out that German property was carefully designated by the national flag but that it nevertheless was damaged and the lives of the residents endangered. In the protest to O. K. Yui it is declared that the Chinese had placed railway coaches in the immediate vicinity of foreign dwellings and that when these were taken under fire by the Japanese the houses were naturally endangered. The note demands that this practice be discontinued.

Japanese Say China Has Received New Airplanes from Abroad Recently

That a quantity of new airplanes have been imported into China recently had become clearly evident, declared the Japanese spokesman at a press conference Oct. 15 in reply to questions regarding the Japanese estimate of the Chinese air force still effective. Owing to the great mobility of airplanes, the spokesman said, it was impossible to give any accurate estimate of the present first line fleet. It was possible for the Chinese authorities to mobilize machines from all over the country, in addition to which there had been importations recently. These new machines had been observed, but the spokesman would not give any opinion as to the source of their supply. "We leave that to your own imagination," he replied. Three lines of entry to China were open, he continued, but would not qualify his statement further.

Chinese Aviation Commission Requests Public Not to Destroy Japanese Planes

That the people be enjoined to refrain from doing damage to Japanese airmen and airplanes shot down by the Chinese Air Force, was urged by the Aviation Commission in a circular telegram to the various Provincial Governments. The telegram mentioned that the Chinese people are often unable to distinguish Chinese airplanes from Japanese machines, thinking that any airplane making a forced landing must belong to the enemy; consequently, they regard both the airplane and the aviator as foes, and do them damage in order to express their indignation. "While our own airplanes (forced down) should of course be protected so as to preserve our military strength, enemy airplanes, having fallen into our hands, can easily be turned to our own use. To destroy enemy airplanes is equivalent to throwing away weapons" the statement said.

Shanghai's Exports Nearly Four Times Imports in Month of September

A grand total of $7,319,714 for foreign imports from abroad during September, 1937, swelling the January-September figure to $476,076,796 is noted from the returns issued by the Chinese Maritime Customs for Shanghai. Exports totalled $27,932,347 for September and $353,585,323 for the January-September period.

$10,942,242 Material Damage Done to Chinese Educational Institutions

Total material damages done to Chinese educational and cultural institutions in Shanghai by Japanese bombing and shelling up to Oct. 15 were estimated at $10,942,242, according to statistics released by the Social Affairs Bureau Shanghai Oct. 16. Of this amount, $6,623,159 represent losses to local universities and colleges, $2,199,954, middle schools, $259,129, primary schools and the remaining $1,860,000 were suffered by cultural institutions. Altogether 14 universities and colleges were entirely or partially destroyed by Japanese bombing and shelling, among them being the National Tung Chi University, the University of Shanghai, the National Chinan University, the Tatung University, the Chi Tse College, the Fuhtan University, the Tungnan Medical College and others. The number of middle schools which have been destroyed is placed at 27 while that of primary schools at 44. Eight cultural institutions were damaged, including the City Library, the City Museum, the City Stadium, the Commercial Press, the Aviation Association, and the Engineering Association.

St. John's University Opens Term in Premises in Nanking Road

St. John's University, oldest American missionary institution here, re-opened for its autumn semester at its temporary quarters at the Continental Emporium, Nanking Road Oct. 18 with 430 students in its college departments and 283 in its middle school. Of the college scholars, about 80 are girls. The large enrollment this semester is explained by the fact that it accommodates more than 70 external students from various universities and colleges affected by the hostilities. Three new professors are added to the college staff this semester. They are Mr. B. D. Causey, professor of history, formerly of Harvard University, U.S.A., Miss Nettie Szeto, professor of English, formerly of the Nankai University in Tientsin and Dean of Women of the Yenching University, Peiping; and Mr. J. Schaberg, professor of mathematics.

Dr. Monroe Upholds Japan's Case in Lecture to Americans

Dr. Paul Monroe, noted educator, spoke on Japan's present actions in China, before a distinguished audience of scholars and American notables who assembled at the Columbia University Oct. 14. Explaining in detail why Japan had been "forced to bear arms," Dr. Monroe who presided over the Seventh Convention of World Federation Education Associations in Tokyo last August, pointed out that such "action on the part of Japan," had been "necessitated in order to prevent China from being poisoned by Bolshevism." His speech at Columbia University, *Domei* learned, is the first of a series the educator will deliver in various parts of the United States in order to "inform Americans of the position and intentions of Japan in China."

General Feng Yu-hsiang Sees Ultimate Victory for China

Confidence in the ultimate victory of China in the campaign of resistance against Japanese invasion was expressed in an interview by General Feng Yu-hsiang, Vice-President of the Military Affairs Commission, during his visit to Sinsiang (Northern Honan), Oct. 17 directing the military operations on the Peiping-Hankow Railway front. "During this nation-wide campaign of resistance, local or temporary victories or reverses cannot determine ultimate success or failure," General Feng said. Comparing the situation in Japan and China, General Feng stated that since the large-scale resistance in this country began, the Chinese people have enthusiastically participated in the concerted struggle against the enemy. The troops in the various provinces have been mobilized in rapid succession. At the same time, public opinion throughout the world is in sympathy with China. On the other hand, the Japanese are encountering numerous difficulties.

Thirty Japanese Warships Stated to Have Arrived Near Hongkong

A sensation has been created, a *Central News* telegram from Canton Oct. 18 stated, upon the receipt of a report in foreign circles to the effect that a large Japanese fleet, comprising more than 30 warships, have "suddenly" appeared on high seas near Hongkong.

Japanese Plane Carrier Runs Aground West of Macao

A Japanese aircraft carrier went aground at Hopao, west of Macao, according to unconfirmed Chinese reports from Canton Oct. 17. Several Japanese destroyers are assisting in a feverish endeavor to refloat the vessel. Meanwhile, Canton was spared Japanese aerial visitations for several days.

Japanese Claim That Chinese Use Poison Gas

Following in the wake of a new memorandum by the Chinese delegation to the League of Nations Oct. 15 alleging that the Japanese have been using poison gas, a statement was issued by the Japanese chemical warfare section in Shanghai Oct. 18 claiming that the Chinese are using posion gas. The claim that Chinese troops have used a deadly poison gas in the Liuhong sector was made afternoon by the Japanese spokesman before a large gathering of newspaper correspondents.

Japanese technical and medical officers demonstrated the use of the gas in a mild form by opening a trench-mortar shell which it is alleged Japanese troops seized when they occupied a Chinese position at Tapingkiang, about three quarters of a mile northwest of Liuhong, on October 14. The shell, about a foot long, was similar to the ordinary Chinese trench-mortar shell but had a special red marking near the top, slightly different fins, and the letter F and the numeral 1 (ringed) as distinguishing characteristics, the spokesman said.

Lieut.-Col. Hajime Gani, of the Japanese chemical warfare section, stated that the gas emitted by the shell smelled like phosgene and had asphyxiating qualities. He said that elaborate tests had been made to determine the nature of the gas and that it had been found, by Japanese analysis, that it contained stannic tetrachloride, phosgene and titanium tetrachloride. He said that if the missile had exploded in the room where it was being demonstrated, it would have killed all the thirty-odd persons present. The fuming shell was then passed round for the delectation of the correspondents.

Lieut.-Col. Y. Harada added a report on the medical and physiological aspects of the gas demonstrated. He produced lung tissue from guinea pigs killed by the gas and pointed out the lesions caused: inflammation and haemorrhage. He then passed round a bottle containing phosgene. The spokesman explained that there had been no casualties in the Japanese ranks from the gas because the soldiers had been instructed to use their gas masks at the slightest indication of gas danger. In reply to a question put by one of the correspondents, the spokesman said that the Japanese at present did not contemplate using poison gas against the Chinese in reprisal.

Categorically denying charges made by the Chinese that the Japanese forces in the Shanghai area are using poison gases, a spokesmen for the Japanese army reiterated Oct. 17 that "in view of the fact that the Japanese army is not using gas," Chinese cases of gas poisoning must have resulted from "explosions of Chinese gas shells or containers either accidentally or as a result of being hit by Japanese shells in bombandment." Testimony of foreign medical experts, he pointed out, discussed only symptoms of poisoning and "did not mention circumstances under which these reported victims were gassed."

Japanese Allegations Denied by O. K. Yui

Japanese allegation that the Chinese used poison gas was categorically denied by O. K. Yui in his capacity as military spokesman in Shanghai Oct. 16. Declaring that China would not resort to such inhuman acts, said the Japanese statement was apparently designed to counteract the world-wide condemnation against their barbarism. During press conferences recently, Mr. Yui, as spokesman asserted repeatedly the alleged use of poison gas by the Japanese. In a statement officially released by the Chinese Embassy in London, Dr. Ettinger, chief of the Red Cross Hospital in Nanking, and Dr. Borcic, representative from the Health office of the League of Nations were reported to have examined several Chinese soldiers, finding them to be "suffering from the effects of some vesicant agent, mostly gas of the mustard group, released by gas bombs or shells."

The fact that Japanese troops in Shanghai have resorted to the use of poison gas was confirmed by Dr. F. Ettinger, chief surgeon of the Nanking Red Cross Hospital, and Dr. B. Borcic, representative in China of the League of Nations health organization, who issued a statement to that effect Oct. 12.

The Ghastly Record of Japan's Drug Traffic Recorded in London "Times"

The "ghastly record" of the Japanese drug traffic in China was the subject of a letter to the London *Times* Oct. 15 from Sir Abe Bailey, prominent business magnate, who states that reports were made by the Geneva Advisory Committee on traffic in opium and dangerous drugs on June 1 and 2, but were not issued to the press. Sir Abe urges the publications of these reports in pamphlet form, adding that "these ghastly records will show the world, as nothing else can, the fate which awaits countries conquered and ruled by Japanese armies."

Russel Pasha, the Egyptian representative on the Committee, quoted an eye-witness as saying that words failed when he attempted to describe the revolting and terrible conditions in the dens of the Japanese Concession in Tientsin, Sir Abe continues.

"The dens are dark, the filth is revolting and the scenes ghastly," Sir Abe describes the eye-witness as saying. "Chinese, Russians and foreigners lie about on dirty, wooden boards and there are also children, two and three years of age, who are already idiots and drug addicts with swollen heads and thin transparent bodies . . . ."

Outstanding Events in the Sino-Japanese War in October

(A Complete Day-to-Day Summary of Military Activities on the Shanghai, North and South China Fronts Has Been Published in *The Review* Beginning With Our Issue of September 11.—Ed.)

(Continued from last week)

Oct. 11.—Chinese troops launched a counter-offensive on Japanese lines in the Lotien sector. Fierce fighting along all fronts was resumed as rain stopped. On the Chapei front, Chinese troops pushed the Japanese bluejackets to North Szechuan Road, where a severe machine-gun and rifle combat was fought. An artillery duel between the Chinese batteries in Pootung and the Japanese warships was also fought across the Whangpoo. Japanese planes were busy the whole afternoon, dropping bombs in continuous relays on Tazang-Chenju highway in an attempt to prevent Chinese military supplies from reaching the front at Wentsaopang.

Oct. 11.—Despite Japnaese claims, Shihchiachwang, important junction point of the Peiping-Hankow and Chengting-Taiyuan Railways and last Chinese stronghold in Hopei, still remained in Chinese hands, although it was admitted in Nanking that a small force of Japanese troops had crossed the Huto River and there had been fierce fighting on the banks of the River.

Oct. 11.—According to a cable from London, Brussels may be chosen as the venue for the projected Nine-Power Conference on the Far East.

Oct. 11.—At least 20 persons were killed or wounded at Whamgpoa, Canton, this morning, when 8 Japanese bombers raided the harbor. Altogether seven bombs were dropped. The Poor House in Canton was hit, resulting in death of scores of its inmates. 12 Japanese planes also raided the southern section of the Canton-Hankow Railway. Two of the raiders were shot down.

Oct. 11.—Soochow Railway Station was bombed this afternoon, causing six civilian casualties and destroying three coaches. One of the Japanese aircraft was shot down.

Scores of primary school children were bombed to death by Japanese planes during their raids on Yuehwangssu in Taitsang Oct. 7, according to a belated report.

Oct. 11.—Nanchang, capital of Kiangsi, and several other cities in northern Kiangsi were raided this afternoon by Japanese aircraft.

Oct. 11.—General Li Tsung-jen, Commander-in-Chief of the 5th Route Army, declared today at Changsha while en route to Nanking that 200,000 troops in Kwangsi were ready to reinforce the Chinese forces fighting against the Japanese in North China and around Shanghai. The maximum number of trained men Kwangsi could put on the field, he said, was estimated to be 3,000,000.

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Oct. 12.—A large and strong Japanese column which early in the day penetrated the Tazong-Chenju Highway was driven back last night after a vigorous Chinese counter-offensive. Heavy casualties were caused on both sides.

Oct. 12.—A party of British, Italian and Soviet diplomatic officials and civilians travelling in three cars narrowly escaped death this afternoon at Minghong, where they were machine-gunned by a squadron of six Japanese planes. Two of the British cars were flying Union Jack spread over their tops, while the third one was unidentified. The party came to Shanghai from Nanking. The Japanese Authorities were informed in advance of the party's trip.

Oct. 12.—Between 1 p.m. and 4.30 p.m., 18 Japanese bombers travelling in relays subjected the North Station and Paoshan Road areas to continuous bombing practically without a let-up. There was no power diving, the bombs being dropped aimlessly from a altitude of 3,000 feet. Intensive bombing operations were also carried along the Tazang-Shanghai Highway and in the front lines around Liuho. 11 Chinese, 8 men and 3 women, were wounded by shrapnel from exploding shells and bombs which fell inside the Settlement are as today.

Oct. 12.—5 Japanese planes were brought down today, 2 at Nanking and 2 at Kiangyin and I at Lungtan. A very thrilling air battle was fought above Nanking this afternoon when Japanese and Chinese pursuit planes were engaged in terrific dog-fights. One Chinese pilot was wounded,, but succeeded in landing his machine safety at the Ming Palace Airdrome.

Oct. 12.—The Wusih Chamber of Commerce and other organizations cabled Dr. Wellington Koo at Geneva, exposing the atrocities of Japanese aircraft. The message stated that dropping over 30 bombs, Japanese planes raided Wusih Oct. 6. Thiusands of inhabitants were killed, mostly women and children. Destruction to property amounted to $10,000,000.

Oct. 12.—Chinese forces on the Tsin-Pu front were making steady advance and a general offensive on Tehchow was shortly to be launched.

Oct. 12.—Continuing their advance southward, the vanguards of Japanese forces on the Ping-Han front were reported to have reached Yingtsun, 15 miles south of Shihchiachwang, where fighting was still continuing, though a large part of the town had been occupied by the Japanese. The Chinese forces were preparing to make a new stand at Changteh, in northern Honan.

According to a **Reuter** report, the Japanese had by now advanced more than 150 miles along the Ping-Han line and 100 miles along the Tsin-Pu line, thereby placing 40,000 square miles of Chinese territory south of Peiping under Japanese military occupation.

Oct. 12.—Chinese Forces in north Shansi scored an important victory between Yuanping and Kwohsien, where they routed 3,000 Japanese troops in a lightening counter-attack, according to a **Central News** report. Huge quantities of Japanese military supplies were seized.

Oct. 12.—A squadron of Chinese bombers this afternoon severely bombed Japanese transports, warships, munitions and supplies depots at Tangku, east of Tientsin, taking the Japanese there completely by surprise, reported a **Reuter** telegram.

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Oct. 13.—Rubicon village in Western Shanghai was again bombed this morning, causing about 30 casualties among the villagers. The village was now practically deserted by its former residents.

Oct. 13.—The war in Shanghai today entered its third month. The day's fighting was featured by thundering fire of heavy guns from both sides and terrific bombing by Japanese planes. Chinese military authorities estimated that the Japanese must have 200,000 effectives on the Shanghai front. No important changes in the lines of either side were reported. Civilian casualties in the Settlement and its immediate outskirts today totalled 3 dead and 8 wounded. Owing to the heavy bombing of the North Station by the Japanese aircraft, the British troops guarding the Boundary Road withdrew to safer cover on Elgin Road today. Posts No. 5 at North Shansi Road and Post No. 8 at Cunningham Road were temporarily abandoned.

Oct. 13.—Official British report on the attack by Japanese planes of three motor cars at Minghong yesterday (Oct. 12) carrying a party of British, Italian and Soviet officials was released today. One most noteworthy phase of the incident was that the unmarked car of the party was not attacked, while the two other cars marked with Union Jack were machine-gunned.

Oct. 13.—According to a **Reuter** report, following their victory at Shihchiachwang, Japanese troops on the Ping-Han front were continuing their advance southward. They were also advancing westward in an attempt to force the narrow Niangtzekwan Pass commanding the Railway to Taiyuan.

Japanese reports stated that a mixed force of Japanese and Mongol troops was investing Kweihua, capital of Suiyuan.

The Tsin-Pu front was comparatively quiet. Chinese planes were assisting their land forces in bombing Japanese positions on the old bank of the Yellow River.

Oct. 13.—Unrest in "Manchukuo" had become acute and many districts were completely out of control, according to reliable foreign reports to Peiping.

Oct. 13.—General Li Tsung-jen arrived at Nanking today. He immediately interviewed General Chiang Kai-shek and was closeted with him for a long time concerning the military situation.

Oct. 13.—According to cable reports from Berlin and Rome, neither the German Government nor the Italian Government had any intention of recalling German or Italian officers from China.

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Oct. 14.—10 Chinese civilians were killed outright and 18 others seriously wounded at 2.40 p.m., when three Japanese planes dropped six bombs, two landing on Markham Road, a few feet from the Soochow Creek, and four others falling into the creek itself. The victims were helplessly entrapped, for a great majority of them were riding the railless car of Route No. 16, when the bombs exploded. One of the bombs ripped the trolley car and hurled the vehicle over to the opposite side of the street.

Later in the day, between 4.15 and 6.10 p.m., a large number of shells fired from the Japanese batteries in Hongkew fell into the downtown streets of the Settlement and the Concession, resulting in 40 Chinese killed and 60 wounded and damage to many buildings.

Oct. 14.—Accompanied by a terrific rumbling of field batteries, exploding bombs and rattling machine-guns, Chinese mobile land units this evening launched a furious attack on Japanese lines in Hongkew and the Civic Center area. As Chinese units emerged from their trenches to rush to Japanese positions, a fleet of 20 Chinese planes zoomed overhead to cover their advance. As a result of the onslaught, a wedge was driven into the Japanese lines in North Szechuan Road. Along the Wentsaopang, Kwangfuchen and Lotien fronts, Chinese troops launched another attack in the night.

Oct. 14.—Chinese planes successfully bombed the Japanese positions tonight near Point Road and in the Yangtszepoo District. The raids started at 6 p.m. Great damage was inflicted on the Japanese-owned Shanghai Cotton Mill, which has been used by the Japanese as a troop and munition station. The mill caught fire, when hit by Chinese bombs. Several Chinese cotton mills, the Wing On Cotton Mill and the Sung Sing Cotton Mill, No. 2 were badly damaged by Japanese air raids.

Oct. 14.—Nanking was raided by Japanese aircraft two times today. Several bombs were dropped in the southern part of the city. The raiders were driven away by Chinese pursuit planes.

Oct. 14.—Chinese planes from Canton raided a Japanese aircraft carrier near the Hainan Island. The carrier was hit several times and disabled.

Oct. 14.—Chinese forces in Northern Shansi following their victory at Yuanping and Kwohsien, were making further progress. The Japanese troops were reported to be retreating in disorder after the failure of their drive into Chinese positions north of Sinhsien. According to reports from Shohsien outside of the Yenmen Pass, more than 2,000 inhabitants were massacred by the Japanese when the city fell into their hands.

Kweihua, capital of Suiyuan, was reported to have been captured by the Japanese.

On the Tsin-Pu front, the Japanese launched a furious attack from north of Pingyuan, which was successfully repulsed.

Oct. 14.—Dr. H. H. Kung, Chinese Minister of Finance, arrived at Hongkong this afternoon from Europe.

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Oct. 15.—War operations along the Shanghai front again lapsed into comparative quiet today, as neither the Chinese nor the Japanese forces made any large-scale drive. No change of positions was reported on either side.

Oct. 15.—According to a survey made by an American economist, material losses to Shanghai as a result of the war during the past two months were estimated to be at least $3,000,000,000.

Oct. 15.—Foreign Minister Dr. Wang Chung-hui, in a radio broadcast to the people of the United States, recounted the horror of the Japanese aggression in China. "In the name of justice and humanity," Dr. Wang said, "China appeals to the American people for two things: First, not to resort to any action which may be turned to the direct or indirect advantage of the aggressor, and second, to do all in your power to further China's cause in this our life-and-death struggle."

Oct. 15.—Communication on the Canton-Kowloon Railway had been interrupted as a result of an air raid by 12 Japanese planes on the Railway yesterday (Oct. 14). More than 10 bombs were dropped and considerable damage was caused to the tracks.

Oct. 15.—Chuchow, northern Anhwei, was raided today by 17 Japanese bombers. Chuyung, southeast of Nanking, was also bombed.

Oct. 15.—The much advertised "fourth Japanese big push" began on Sept. 29 which aimed at forcing the Chinese troops to withdraw from their present positions to their second defence line by Oct. 15 had ended in failure, as the Chinese positions up to today remained unchanged. The Japanese were now waiting for more reinforcements before they would start another "big push."

Oct. 15.—Reports that Chinese troops had scored another important victory at Nanhwaihua near Yuanping in northern Shansi were confirmed in Nanking. More that 1,000 Japanese troops were killed and twenty-four Japanese tanks destroyed. Chinese air squadron assisted the operations of the land forces. Taiyuan was raided three times Oct. 14, but the damage done was reported to be light.

Oct. 15.—About 700 civilians were blasted to death in Kweilin and Wuchow today, when the two important Kwangsi towns were raided for the first time by Japanese bombers. Many houses in both cities were demolished. 29 villages in the vicinity of Kweilin were also bombed.

Oct. 15.—According to a Reuter report from Tokyo, the loss of five Japanese planes in their raids on Nanking on Oct. 12 was admitted in a communique issued today by the Japanese Admiralty.

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Oct. 16.—Nanking was raided by 17 Japanese planes this afternoon, when they dropped seven or eight bombs outside Kwanghuamen. Not much damage was done.

Oct. 16.—About 40 persons were killed and wounded, when two Red Cross trains carrying Chinese wounded soliders and refugees were bombed this morning at the Kashan Railway Station on Shanghai-Hangchow-Ningpo Line.

Oct. 16.—Fighting on the Shanghai front was quiet today. Skirmishes were reported in several areas, but nothing of a decisive nature took place. Japanese warships opened up on Pootung, but the firing was not so heavy and did not last long. One Japanese warship went aground on the Liuho front.

Oct. 16.—Use of gas by the Japanese forces in Shanghai was confirmed by two foreign experts in Nanking, Dr. H. F. Ettinger, chief surgeon of the Nanking Red Cross Hospital and Dr. B. Borcic, representative of of the League of Nanking, who issued a statement testifying to their findings on Oct. 12.

Oct. 16.—The National Government had received an invitation to attend the Nine-Power Conference in Brussels on Oct. 30 through the Belgian Embassy in Nanking. China's acceptance of the invitation was formally made today by Foreign Minister Wang Chung-hui.

Oct. 16.—General Feng Yu-hsiang was now directing the operations on the Peiping-Hankow front. Heavy fighting was raging in the vicinity of Niangtzekwan and Tsingsing.

Oct. 16.—According to a report from Taiyuan, Pinghsinkwan, a strategic Great Wall pass in northern Shansi, was recaptured by the Chinese forces on Oct. 13. The Chinese defence also claimed another important victory at Yenchwang, north of the Yenmen Pass.

Oct. 16.—Total material damages done to Chinese educational and cultural institutions in Shanghai by Japanese bombing and shelling up to Oct. 15 amounted to $10,942,242, according to statistics released by the Shanghai Bureau of Social Affairs.

(To be continued next week)

Manchukuo Enforces Strict License Conditions on Imports into Territory

Recently enacted regulations by the Manchukuo Government have caused consternation among the firms of all nationalities engaged in the import trade in that territory—most of which have their headquarters in the city of Dairen. The net effect of these regulations is that no firm may import goods of any kind to a total value for all goods of more than Yen 1,000 a month without having previously obtained a special permit to import. To what extent these permits will be granted, remains to be seen.

The revised law tightens exchange control, falling in line with similar steps recently taken by Japan, and aims at adjusting the flow of goods and capital between Manchukuo and Japan by considering these two countries as a single economic unit.

The revision will have far-reaching effects upon various circles in Manchuria, as it provides for stringent control of export and import bills, exports and imports without bills, the importation and exportation of securities, acquisition of letters of credit and the withdrawal of capital and profits from Manchukuo and other monetary remittances to foreign countries.

In the past, whereas exchange transactions for settling import accounts were unrestricted, the revised law stipulates that government permission is required for all import bills in payment of goods purchased from countries other than Japan, in excess of 1,000 Yen in any given month. Moreover, in principle no licenses will be issued for such imports as high-class automobiles, jewelry, cameras, perfumes, tobacco. foreign liquors, and objects d'art.

War Gives Impetus to Education for Women in Szechuen

BY HIN WONG

The war now in progress in many parts of China with its destruction of life and property, while sad and painful in many ways, is beneficial to the Chinese morally, especially to the women folk, including those in Szechuen, who now realize their short-comings and are not slow to apply a remedy. Certain middle schools for girls in and outside Chungking have decided to use the off-hours of their students to organize mass education for adult women in order to interest the illiterate in reading and thus in national affairs. The women's division of the present National Defense, or anti-enemy, League in Chungking has found itself inefficient and unable to meet the task assignod it, simply because of lack of leadership among the women themselves; and all this may be traced to the simple reason, lack of education on the part of the mass.

Increased Cost of Living Ascribed to Profiteering

The war and its effect on inter-provincial commerce have their influence working in Szechuen as elsewhere in China, but some are blaming the merchants for the increased cost of living, which is already high in Chungking, as compared with the pre-war period. Some are agitating in favor of a tax on profits in order to prevent profiteering. The Government, however, has already warned against the rise of prices of coal and other daily necessities.

Amusement Tax of Ten Percent to Be Imposed

Soon there will be collected in Chungking and other larger towns in Szechuen a tax on amusements, and a war-tax of ten percent is being considered for Chungking, where the motion picture forms the most popular entertainment for those who have not much to do after evening meals.

Youth of 14 Who Tried to Enlist

The enlisting depot at Chungking the other day had to turn over three boys, no one being above 14 years old, to the local authorities for kindly disposal, as they have been persisting in their attempts to be sent to the front for which their training is still unsuitable. These youthful patriots must have attended the recent presentation of the "Lukouchiao Defense," in which heroism was glorified.

Government Controls Prices of Foodstuff

Control by the government over trade has not been confined only to such article as gasoline and other materials directly useful to military operation but has also been extended to minor matters which have not generally been highly looked upon by the larger firms. Salted and dried vegetable products, usually handled by small merchants in the past, are now of national concern; and the Ministry of War at Nanking has ordered the Szechuen Government to have ready a large supply of these forms of food-stuffs, as they are needed for troops at the front.

Chungking Imports Hit by Lack of Shanghai Supplies

The present war is hitting the importers and exporters in the principal port of Szechuen, the city of Chungking. For the last two months, which were considered the high water season, importers could not take advantage of it, as the port of Shanghai had not been able to supply Chungking as usual with foreign and outport goods. From January to July, however, the Chungking import still came to $23,737,331, or about two-fifths of what the port expected this year under ordinary circumstances. Chungking imports include in degree of importance cotton piece-goods, fancy goods, groceries, metals, preserved or dried food-stuffs and vegetables, chinawares, dyes, electrical supplies, paper, medicine, and the like, aside from tobacco which enters this port in large quantities.

Szechuen Continues to Export Wood Oil

During the last two months, August and September, the port of Chungking was still able to ship out about 17,000 piculs of tung oil to the United States and 14,000 piculs to other ports by way of Wanhsien.

Szechuen Exporters Seek New Transit Facilities

To keep up the export trade now being cut down by the inability to use Shanghai as transhipping point, Chungking merchants are seeking facilities in Canton and Hongkong, and the two trade commissioners who left here recently to promote Szechuen exports have carried with them many samples of Szechuen products. It is reported that the steamship line recently put up between Hankow in Hupeh and Changsha in Hunan by the Ming Sung Steamship Company of Chungking for the benefit of Szechuen merchants is being well supported.

Millions of Dollars Worth of Rice for Szechuen Troops

By order of the central authorities, the provincial government of Szechuen is to reserve $3,000,000 to $5,000,000 worth of the rice crops of the coming season for troop provision.

Salt producers in the Tseliucheng district in Szechuen have subscribed $300,000 to the national salvation bonds.

The special service corps from Szechuen being sent next month to the front will consist of nurses, draftsmen, photographers, and others useful to the military authorities as supplementary and auxiliary aid.

How Szechuen's War Chest Is Being Replenished

Every means legitimate to swell the warchest is now being enforced in a number of places in Szechuen. Public deeds are to be revalidated, six bureaus are being formed to collect income-tax. The citizens of Chungking, in addition, have just donated $10,336 towards the child welfare movement with headquarters in Shanghai.

Chungking, Oct. 10, 1937.

Peiping's 80-Year-Old Puppet and the Confucian Revival

(Time Magazine (U.S.A.) for Sept. 13)

In Peiping, captured July 28 by Japan, Chinese Mayor Chiang Chao-tsung (80-year old ex-official) was submissively taking his orders from Tokyo. Wily Japanese scheme for China's former "Northern Capital" was to reintroduce the Confucian rites of the old Imperial Court. Under the Nationalist regime of Generalissimo Chiang Kai-shek and his Christian, Wellesley-educated wife, Confucianism has practically disappeared from China, but there are many conservative Chinese who resented the change. In 1932 the Japanese found it a shrewd move to restore Confucian worship when they established the new state of Manchukuo where the population is 95% Chinese. Last week they hoped for similar success in Peiping.

Chiang Chow-tsung chairman of Peace Preservation Committee, Peiping.

The Mayor of Peiping was ready to do Japan's bidding, prepared for a Gilbert-&-Sullivan ceremony in the Confucian Hall of Perfection, rounded up 80 orphans to bleat traditional Confucian music, to watch him kowtow nine times to China's sage.

There were other signs that the Japanese proposed to lord it permanently in Peiping. Though public primary and high schools should have prepared to open last week, they were kept closed until all anti-Japanese propaganda could be excised from the textbooks. One hundred and sixty handpicked Chinese police began laboriously to learn the Japanese language. The Peiping Chamber of Commerce opened Japanese language classes to make it easier for Chinese shopkeepers to sell things to their "new masters." There was even rumor that Japan would bring back to Peiping from his dragon-&-orchid throne in Manchukuo's capital 31-year-old Emperor Kang Te, famed as "Mr. Henry Pu Yi," last of China's Manchu Emperors, who abdicated when the Republic was set up in 1912, was crowned Emperor of Manchukuo by Japan in 1934.

Japanese Consul General Absents Himself from Enquiry into Sinking of Junks

The Hongkong Government Commission inquiring into the alleged sinking of Chinese junks by Japanese warships opened in Hongkong Oct. 18. A notable absentee was the Japanese Consul-General, who ignored the invitation to attend. Fourteen survivors of sunken junks were available as witnesses. The officers of the Butterfield and Swire s.s. *Kaying*, which picked up some of the survivors, also attended to testify.

Men and Events

Shanghai Municipal Council schools for both foreign and Chinese pupils will re-open on Monday, November 1, in temporary premises.

Unofficially notified to leave Japan, Chen Po-sheng, C. N. A. representative in Tokyo, returned to Shanghai, Oct. 16 aboard the French ship *Andre Lebon*.

Tomokata Iwakura, a feature writer for the Tokyo *Hochi*, was killed by a Chinese shell in Shanghai on the evening of Oct. 14. The journalist was the younger brother of Prince Iwakura.

With traffic on the river and the railway temporarily stopped, Canton is isolated from Hongkong and without telephonic communication or newspapers, a *Reuter* message from Canton Oct. 16 stated.

Huang Po-tu, secretary of the Chinese Embassy in Tokyo, arrived in Nanking this week to submit a report to the Ministry of Foreign Affairs on behalf of Hsu Shih-ying, the Chinese Ambassador to in Japan.

Details of a plan to help the Chinese Government in its struggle against epidemics were adopted by the Health subcommittee of the Committee for Technical Co-operation with China, at Geneva, Oct. 15.

Chen Ti-cheng, former Commissioner for Reconstruction in the Fukien Provincial Government, arrived in Sian on October 11 to inspect highways in Shensi province, says the Chinese press. He later proceeded to Kansu and Ninghsia provinces.

Under heavy bond and well guarded, 100 Chinese sailors passed through Los Angeles Sept. 4 bound for Norfolk, Va., on a secret and unannounced mission. All the sailors were required by bond to maintain silence regarding their stay in the United States.

A. G. Fletcher, prominent foreign resident in Canton, was elected Oct. 17 chairman of the Committee of Justice to China when the organization held its first meeting. E. H. Lockwood, associate secretary general of the Y.M.C.A., was elected secretary.

Mrs. S. V. Davies, the wife of an employee of the Standard Vacuum Oil Company, was clubbed about the head and chest, in the neighborhood of the Italian Consulate, on the Bluff, Yokohama, at 1.30 p.m. Oct. 18. The unknown assailants managed to get away.

Under the auspices of the International Red Cross Committee the Chung San Hospital, situated at Fenglingchiao opposite Route Ghisi, Shanghai, has been converted into a hospital for wounded soldiers. Dr. P. J. Todd, well-known American surgeon from Canton, is in charge.

The *Shipping Review* (Shanghai) edited and published by Geo. T. Lloyd, (who was the editor in former years of the *Shanghai Mercury*) announces that publication has been suspended during October because of the hostilities. Publication is to be resumed first week in November.

General Chen Chi-tang, former governor of Kwangtung and leader of the Southwestern revolt, arrived in Nanking by plane Oct. 17. General Chen told newspapermen that the purpose of his visit to Nanking is to participate in China's resistance campaign against the Japanese.

Miss Dorothy Davis, formerly of the *China Weekly Review*, departed this week from Shanghai on the Lloyd Triestino liner *Victoria* for Europe. She had been associated with this journal for the past year. She plans to travel in Europe for several months before proceeding to New York.

Three sections of iron rail from the tracks near the North Station were blown into the West Hongkew district during Japanese bombing operations Oct. 18. One piece was about 26 inches long, or slightly longer than the rail which recently was blown from the North Station tracks into Tientsin Road.

A large number of evacuees (mostly British) returned to Shanghai this week aboard the Lloyd Triestino liner *Victoria* and the Messageries Maritimes vessel *Felix Roussel*. The British evacuees travel by "foreign" vessels because the British Government will not allow them to come back to Shanghai on British ships.

News Week (N. Y., Sept. 6), in describing the Japanese operations around Shanghai, says: "If the Japanese occupy Shanghai—they have spoken of creating a 'neutralized' area—the Chinese will boycott the seaport. Customs revenue will vanish. Weeds will grow among the skyscrapers of the International Settlement."

The Citizens Emergency Auxiliaries, an organization of Chinese women who maintain a hospital for wounded Chinese soldiers, located on Siccawei Road, were hosts at a reception and buffet dinner on the evening of Oct. 16 at the home of Mr. and Mrs. C. F. Liu in the Picardie Apartments, French Concession.

Marden & Co., British transportation firm in Shanghai, was high bidder, with an aggregate of U.S.$438,900 for nine of 15 ships, bids for which were opened by the U. S. Maritime Commission Aug. 31 for 15 steel cargo vessels, either to be scrapped or used abroad. Besides G. E. Marden's bid on the ships for foreign operation, Philipp Brother Inc., offered $127,138 for two ships, while Boyd, Weir and Sewell, the Clinchfield, New York, Corporation, and the Union Shipbuilding Company were the other competitors.

Anthony Billingham, associate correspondent of the New York *Times*, left Shanghai this week by the *Andre Lebon* for Hongkong from where he will take the transpacific Clipper to America for medical treatment in New York. Mr. Billingham was wounded during the recent bombing at the Sincere building in Nanking Road.

Ray Pietzold, recently sentenced in the U.S. Court for China to five years in McNeil's Island penitentiary for voluntary manslaughter, and A. Gonzales, naturalized American who was sentenced to serve two and a half years at the same prison for narcotic smuggling, were sent on board the U.S.S. *Chaumont* to Japan this week to connect with the *President McKinley* for transportation to Seattle.

Japanese warships have been patrolling along the Chekiang coast off the Hsiangshan Harbor, Hwanshan and Yuyao in the past few days, subjecting the places to constant shelling, according to a report in the *Sinwanpao* Oct. 18. The Japanese, who have occupied Shihjao and Huanglung in the Chushan Archipelago off the Chekiang coast, are now showing signs of abandoning the two islets, the report added.

Allegations that the Park Hotel, on Bubbling Well Road, is being used by Chinese as an artillery observation post were made at the press conference Oct. 15 by the Japanese Naval spokesman. Interviewed later, Captain Boone, United States Marine Corps, described the Japanese allegation as untrue inasmuch as the American Marines were using the roof of the Park Hotel as an observation post, and permission for access to the roof was refused to all but accredited personnel. This rule, he said, was strictly adhered to.

Mme. Kung Gives 37 Trucks and 200 Fur Coats to Chinese Forces

Thirty-seven trucks and 200 fur coats represent the latest donation made by Madame H. H. Kung, wife of the Minister of Finance, to the Chinese air force. These gifts, as an expression of the donor's appreciation of the excellent record performed by Chinese airmen during the current Sino-Japanese hostilities, were handed over to Col. J. L. Huang, General Secretary of the Officers Moral Endeavor Association. Other "comfort presents" to the Chinese aviators are 164 woolen vests and sweaters from the Shanghai Chinese Women's Association. The vests have all been knitted by various Chinese girls in Shanghai.

Japanese Daily in Shanghai Criticizes Chinese Airplane Attacks on Hongkew

Asserting that only non-combatants reside in the Hongkew district, the *Shanghai United News*, the Japanese daily in Shanghai, Oct. 16 bitterly assailed the shelling of Shanghai's "Little Tokyo" by the Chinese. Scores of Japanese non-combatants, the daily said, have been killed by Chinese shells since the outbreak of the incident, while "several hundred" have been wounded. This bombardment, the journal said, is "similar to the shelling of the area south of Soochow by Chinese guns on Thursday night." "Irresponsibly, the Chinese are constantly distributing groundless reports of the killing of hundreds of innocent civilians by Japanese bombs and machine-gun fire, ignoring the fact that the Chinese military positions and establishments are suffering from Japanese bombardment. "Not the Japanese, but the Chinese themselves are guilty of bombing and shelling areas where nonbatants reside.- "This," the journal declared, "is proved by the fact that Japan had refrained from attacking Nantao, which plays an important part in the operations of Chinese troops in the Pootung area."

Japanese Criticize Night Raiding by Chinese Airmen—Hint of Retaliation

The use of incendiary bombs by Chinese airmen was the subject of criticism by the Japanese naval spokesman at the regular morning press conference in Shanghai Oct. 16. Referring to the recent raids over the city by Chinese aerial bombers, the spokesman said that incendiary missiles had been frequently used, and if this practice were continued, the Japanese airmen might be compelled to retaliate.

The night raids by Chinese 'planes also came in for criticism. The Japanese mentioned that all Japanese raids had been conducted in daylight when their objectives could be definitely discerned. He admitted that on some occasions Japanese bombs had not landed on their objective, due to inaccuracy, but their objectives had always been military in character. He claimed that the night raids of the Chinese did not permit of accurate bombing and that the ability to aim correctly was minimized by darkness. Under such circumstances, he said, the Chinese could be accused of indiscriminate bombing.

Asked why the Japanese did not send machines into the air at night to fight the attacking planes, the spokesman said that the danger to the foreign areas from such tactics were far too great.

He denied that the Seventh Day Adventist building on Ningkuo Road, which had been hit by a Chinese bomb on Sunday night, was occupied by Japanese military forces.

Rev. M. T. Rankin Describes Work of Missionaries in War Time

Rev. M. T. Rankin, Secretary for the Orient of the Southern Baptist Missions in an address over Station XMHC. Sunday evening, Oct. 17, gave some details of what missionaries are doing in these days of war in China. Dr. Rankin quoted with approval an extract from a statement recently made by a Mission Board in the U.S. as follows: "We feel profoundly that all able-blodied missionaries should be given a choice of remaining in China if they can be of service. That applies to men and women alike. We feel that all missionaries who can really render service to Chinese at this time should be given the privilege of volunteering for such service. However, it must be distinctly understood that each individual missionary must decide for himself or herself this matter. We feel profoundly that now is the time for our missionaries to show the Chinese that they love them. It must be clearly understood that we are not going to claim protection or indemnity if any of our missionaries are endangered or injured in life or property. Each missionary must decide for himself or herself his duty in this terrible hour."

Americans in Chengtu Protest Against Japanese Aggression

American nationals resident in Chengtu, capital of Szechwan province, have joined their fellow-nationals in other parts of China Oct. 13 in protesting against Japanese aggression in China. An identical statement addressed by them to the United States State Department, Ambassador Johnson and the Consulate-General in Hankow, said the American community of Chengtu, protests against the present Japanese military aggression in China and urges that the United States of America, neither directly nor indirectly participate in this aggression, but use all peaceful means to withdraw every moral and material support from the aggressor nation.

"We urge that our American people as a nation and as individuals take effective steps to withdraw assistance from the military aggressors. Let Americans support the people of Japan and China who are struggling against predatory militarists, the statement said.

Weak Attitude of the U. S. Criticized by Aeronautical Advisers

Under the chairmanship of W. L. Andrus, the Committee of American Aeronautical Advisers in China, addressed an open letter to the White House, Washington, on Sept. 21, critizing the weak attitude of the United States Government toward the present Sino-Japanese crisis. The full text of the letter is as follows:

"The Japanese attacks upon China are acts of an outlaw among nations. Her blockade of the China coast and attacks upon Chinese vessels and ports constitute a modern form of international piracy and should be recognized as such. International law does not recognize the right of any individual or power to sink the merchant and war vessels of another individual or power except as an act of open warfare. Japan still maintains that she is not at war with China.

"Japan's attitude toward the other great Powers is likewise the attitude of an outlaw toward constituted authorities. She says in effect: 'You people keep your hands raised while I murder the defenceless Chinese people and their government, or I will turn my guns on you!!! Much to her own surprise the other great Powers are obeying her orders with scarcely a protest."

British Laborites Favor Boycott of Japanese Products

A declaration by the British Trade Unions Council, published in London Oct. 18, stated that various sections of socialist and trade union groups throughout the world have fully approved of the appeal made by the British Labor Council in favor of a boycott on Japanese products. The declaration added that answers have been received from trade unionist organizations in the United States, Canada, New Zealand, Anstralia, Mexico, India, Belgium, Holland, France, Switzerland, Scandinavia, Czechoslovakia, Austria and Ireland, all indicating their determination to apply the boycott.

"Austria," the proclamation states, "notwithstanding Fascist influences, has been won over, and housewives in Vienna demonstrate in shops, refusing to buy Japanese goods.

Chinese Professors Arpeal for World Help to Check Japanese Aggression

Pledging themselves on behalf of the Chinese people to continue pouring out their blood and substance for the elementary principle of fair dealing for world peace and human civilization, 81 university professors in Canton, Oct. 16 sent an appeal to their friends throughout the world urging them to help China to "leash the mad dogs of war and to frustrate a program of conquest which does not stop with China."

PAINTS AND PAINT WORK

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There is no need to describe back pains; everybody who has experienced them knows how torturing and depressing they can be. What does vitally concern sufferers are the problems of cause and cure. "Why am I thus afflicted?", they ask themselves. And, "What is the best and quickest way to escape from this suffering?"

Back pains may be the result of fatigue, or of nervous debility arising from worry, grief, mental overwork, or excesses of one kind or another. They also are often due to muscular rheumatism, or lumbago, brought on by poisons in the blood. Among many girls and women backache is a periodic visitation due to functional irregularities associated with anaemia.

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New Books of Interest in the Far East

Yenching University Professor Describes French Policy in Indo-China

French Policy and Developments in Indochina, by Thomas E. Ennis, University of Chicago Press, Chicago, 1936, 193 pp.

A land little known to the rest of the world, French Indochina is in many respects as mysterious as the remains of Ankor-vat. This mystery, as the author shows, results more from a lack of knowledge about the country than because of unfathomable aspects of the civilization—which is the case with most mysteries.

The author, who was in China between 1924 and 1927 serving on the staff of Yenching University and is now a member of the Department of History of West Virginia University, begins his study of French Indochina (which includes the colonies of Cochin-China and Laos; the protectorates of Annam, Tonkin and Cambodia; and the leased territory of Kuang-chow-wan) with the penetration of French Catholic missionaries into the Far East, the harbingers of French commercial interests.

The story of French Intervention in Indochina is not particularly unusual—missionaries, commerce, military intervention to protect the former, and then French control of the subdued territories. The story has striking similarities to Japan's present drive into North China.

But the problem which is of major interest to the author (and of major interest to colonial powers) is how the dominating nation can control the territory which it has acquired by force of arms. The administration of Indochina is modeled after the French and controlled by Frenchmen. The system in Indochina is described by the author as strict regulation, as compared to laissez-faire in British India and the middle course adopted by the Dutch in Java.

However, no matter what type of administration is followed by the powers, colonial administrations throughout the world are facing at present their severest tests. The debacle of the World War ruined white prestige in colonial areas, and the rising tide of nationalism added to increasing educational facilities all over the world has contributed to colonial unrest. This was particularly true in the Far East where the teachings of Sun Yat-sen had a tremendous influence and the example of Japan showed other Oriental peoples that the domination of the white race need not necessarily be permanent.

Throughout the years since the French gained control of Indochina the administration has increased in power until it is now a strong bureaucracy with only a limited Indochinese participation, educational facilities have increased, the French economic efforts in the region have been on the whole a failure, the social conditions have been improved, and the race problem (domination or assimilation) has become more complicated.

Nevertheless, improvements introduced by the dominating power do not automatically eliminate unrest, in fact, anything less than a large degree of autonomy seems generally to be unsatisfactory to a colony. The greatest fear in Indochina is communism, but it is generally agreed that communism is simply a vehicle for Indochinese nationalism, and must be treated as such. Since the withdrawal of communism from its advanced position in China, and since the conclusion of the Franco-Soviet pact, the Komintern has concentrated on internal problems in the U.S.S.R. but the unrest in Indochina, under the name of communism, remains acute.

The author, following his excellent historical study of the French advances and policies in Indochina, concludes with the assertion, "It must be realized, however, in order to judge whether the hopes of the Indochinese are to be realized or to remain in the limbo of dreams, depends not so much upon the policies followed or the resistance offered as it does upon the success or failure of India and China in their struggle against foreign control. These two countries, with more coherent nationalist philosophies than Indochina, may decide the path to be taken by their southern neighbor."

F. W. G.

Turmoil in the Iberian Peninsula

"Unhappy Spain" By Pierre Crabites. Louisiana State University Press. Baton Rouge, Louisiana. Price $2.50 (U.S.)

Overlooking a glaring grammatical error on the first page, it is only fair to say that the book is well-written, and well-authenticated by its historical background. It is disappointing in that the reader will pick up a book by this title expecting to have the historical background lead him logically and clearly to a better understanding of the present conflict, the opposing forces, their leaders, their objectives and what has happened so far. Instead, the present conflict is only indirectly referred to in the closing chapter on "Anarchy," and the object of the book—expressed in its last three sentences—seems to be a warning to the American people to keep themselves free from entangling European conflicts.

The author puts a good deal of blame for "Unhappy Spain" on Grand Orient Masonry, though he repeatedly emphasizes that Masonry in the United States and Great Britain is as different from the "Grand Orient" movement as day is from night. He has quite a little to say about Soviet Propaganda, for he believes that "the Soviet board of strategy looked upon Spain as the weakest link in the chain of capitalistic states." He has much to say about anti-Catholic tactics of the atheistic Masons and anti-capitalist Communists, but (as a Catholic himself, no doubt) he has nothing to say of abuses within the Church, or of the differences between Catholicism in a Protestant country and Catholicism in a Catholic country.

He has an interesting theory of the dual nature of the Spaniard which can best be explained by what he calls the "Ibero-Islamic amalgam" resulting from the domination of Spain for seven hundred years by the Mohammedans. "The result" the author says, "is that Spain is now inhabited by a people which turns its eyes towards Rome when it bends its knee in prayer, but gets its mental horizon, its intellectual characteristics, its cultural reactions from Mecca. We have a hybrid with a Catholic soul and a Molsem sub-conscious mind, a Christian spirituality grafted upon a Mohammedan mentality."

The book is well-worth reading for a resume of history that will make the Spanish people more understandable, as long as one does not expect a discussion or explanation of the present conflict.

G. T. F.

The Future of the French Republic

Which Way France? by Alexander Werth. Harper & Brothers, New York. $3.00. 414 pages.

This is one of the most complete and instructive books on the political situation of a nation to have been written in recent years. Alexander Werth, French correspondent for the Manchester Guardian, has taken France from 1919 to the beginning of 1937 and presents to the reader a running account of every political move or step during those years.

There is so much meat in the book a reviewer does not have space to make proper comment. Various overworked adjectives, such as complete, authoritative, brilliant, absolutely indispensable can with verity be applied to *Which Way France*. The style is most enlivening. Clemenceau again lives, as the pages unfold Briand's peace policy, his decline and eventual death. In fact, every event in France's political life, that is, every important event, is related in a witty and informative way, and with a wealth of detail.

The place of the press in France's unrest is clearly told by Mr. Werth, especially his bold statement, "Papers like *Gringoire, Candide, Le Jour*, and a few others, have done more than anything else to stir up hatred in France, and to keep France divided, as far as possible, into two camps."

We are told that France is in a terrible dilemma. Although not powerful enough to exercise hegemony over Europe, she cannot afford to allow any other nation to dominate Europe. "In other words, she *cannot afford* to allow Germany to dominate the whole of Central or Eastern Europe. The great question is: will she have the diplomatic skill to prevent it? Even is France's foreign policy in the last few years has been marked by the most terrible blunders and failures, the Blum Government's determination to restore Ango-French cooperation, and to court the friendship of the United States to the extent of re-examining the whole questions of war debts was dictated by a sound instinct. The mere fact that the three great democracies *may* be drawn together in opposition to such combinations as the German-Japanese pact has had a discouraging effect on the Powers most likely to provoke another world war."

Mr. Werth feels there is no real technical possibility of a civil war in France, since the army is essentially non-political. Business was picking up at the end of 1936; Paris and France were not as pessimistic as they had been during the four previous years. Prospect of a change of regime seemed more remote than ever, even if there might possibly be a change of government. Fascism counted for little, and France is steadily regaining her equilibrium —"the equilibrium of a great Democratic Republic. Only beyond the Rhine, Herr Hitler was planning new surprises. And beyond the Pyrenees there was Spain." Both are causes of great anxiety.

We can well agree with the cover, this is a "brilliant study of the recent dramatic events in France, the present dilemma, the probable future developments."

M. V.

Socialism Expounded by a Communist

The Theory and Practice of Socialism, by John Strachey. Random House, New York.

Of John Strachey's ability as a writer there can be no doubt. He is lucid and to the point, and this, his most recent book, is no exception to that rule. His style is definitely pleasing, and his book should command a wide audience, if for no other reason than that he presents a highly controversial subject in a thoroughly understable light.

It is well-known that Mr. Strachey is a Communist and many readers will be prejudiced against him on that account. However, in a day and age when "Communism" and "Socialism" are being bandied about on everyone's tongue—whether they know anything of the matter or not—it seems reasonable to suppose that a person who claims to be a Communist on intellectual grounds should be better able to give the average reader an intelligent and capable analysis of the complicated economic and political thinking behind these words. Granting such a person's natural bias, he

should still be more capable of such an analysis than a person whose rabid outpourings had no real basis in fact.

Anyone who has thought at all on the economic and social evils afflicting the present-day world will not fail to be impressed with Mr. Strachey's analysis of these problems, their causes and their cure. There is no question but what he has made out an excellent case for Communism, but unfortunately he weakens and almost completely destroys the effectiveness of his conclusions by his complete reliance upon the Soviet Union as the ideal in all things. However, Mr. Strachey, in common with all Stalinists, is faced with the necessity of putting Russia in so exalted a light that a good many of his statements in regard to that country are out of keeping with the facts. It is to be regretted that the author found it necessary to do this, since in every other particular his arguments and his analyses are extremely convincing. An example of the distortion he has found it necessary to practice is afforded by his discussion of democracy in the Soviet Union, in which he attempts to prove that Russia is the most democratic nation on earth. In this connection it is interesting to note that he fails utterly to mention the bureaucracy in that country.

In spite of Mr. Strachey's obvious dependency on the Soviet Union and the official pronouncements of its leaders, his book does not thereby cease to be valuable as an intelligent statement of the case for Communism. Whatever the reader's personal beliefs, he cannot fail to find much food for thought in this book.

A. D. D.

In the United States Court for China

FREDA GEYER, Plaintiff.
vs.
HAROLD WILLIAM GEYER, Defendant.

Cause No. 4262
Civil No. 2141
ORDER
Filed at Shanghai, China,
This 18 day of October, 1937.
William T. Collins, Clerk.
by N. S. Lurton,
Deputy Clerk

The object of this suit is an action for the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS Plaintiff herein has the 18th day of October made application for the substitution of publication for personal service upon the Defendant herein; and

WHEREAS it appears from the files in this case that on the 18th day of October, the summons for Defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant can not be found within the jurisdiction of the court"; and

WHEREAS is appears from the files in this case that on the 18th day of October the Plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein at any time during the past year prior to this date, and that Defendant's last-known address was c/o Matson Navigation Co., San Francisco, California.

NOW THEREFORE it is this 18th day of October ORDERED that service upon the defendant be made by publication for three consecutive weeks in the "CHINA WEEKLY REVIEW", a weekly paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 6th day of November, 1937, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China
This 18th day of October, 1937.

MILTON J. HELMICK,
Judge.

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Japanese Industrialists Plan for Intense Activity in North China

Although the Chinese and Japanese armies are still locked in deadly combat in North China, leading industrial and financial organs in Osaka are already drafting ambitious plans for the development of the region's vast economic resources. Shinji Sogo, President of the Yen 50,000,000 Hsing Chung Kungssu, the leading Japanese investment concern in North China, arrived in Osaka Oct. 15 to present to the industrialists there his firm's extensive industrial projects.

Interviewed by *Domei*, he revealed that the concern's technical experts were putting finishing touches on plans for the erection of a huge power plant on the Yungting River, which bisects Hopei just south of Peiping and Tientsin.

The Hsing Chung Kungssu, he further disclosed, is planning to merge small power concerns in Hopei into a joint Sino-Japanese enterprise, capitalized at Yen 3,000,000.

The joint Sino-Japanese power firm, established in Tientsin last year despite the Nanking Government's strong objections, will continue to operate, he added.

The President of the firm, which was capitalized at Yen 5,000,000, was Gen. Chang Tzu-chung, the erstwhile Mayor of Tientsin and Commander of the Thirty-Seventh Division, who is now under detention in Nanking on charges of connivance with the Japanese Army's activities in North China.

Another huge power plant, Mr. Sogo said, will be established on the banks of the Luan River, which flows from the mountains of Jehol into the Bay of Chihli, just south of Peitaiho.

This concern, he added, will be formed jointly by the Hsing Chung Kungssu and the powerful Federation of Electric Power Concerns in Japan.

With the establishment of a new administration in North China, Mr. Sogo declared, it will become possible to take concrete steps for the development of railways and the power industry in the region.

In developing industries in North China, he declared, full care will be taken not to affect the five-year economic plans now being carried out by Japan and Manchukuo.

Care will also be taken, according to Mr. Sogo, to distinguish between enterprises operated in national interest from private concerns.

Large quantities of raw cotton produced in North China will be exported to Japan in the very near future, now that special godowns and packing plants have been constructed in cotton centers.

Referring to rumors of the withdrawal of foreign interests from the field of coal mining in North China, Mr. Sogo said Japan will be glad to co-operate with foreign investors in exploiting North China's coal resources.

Mr. Sogo scouted fears that the scarcity of available capital in Japan would hinder the materialization of Japanese economic projects in North China. The necessary capital, he said, will be supplied by Chinese and foreign investors.

The Nikkan Kogyo, an industrial daily, reported that the Toyo Paper Manufacturing Company, the Shanghai Spinning Mill Company, the Hsing Chung Warehousing Company and the Kureha Spinning Mill Company are planning to expand considerably their plants in North China.

Several huge textile concerns, including the Kanegafuchi Spinning Company and the Mitsui and Mitsubishi interests, were said by the daily to be planning to engage in large-scale cultivation of cotton in Hopei and Shantung.

In Tsingtao, the Dai Nippon Salt Company was reported by the paper to be ready to establish a North China Salt Industry Company, capitalized at Yen 1,000,000. The firm's projected output was put at 200,000 metric tons of salt a year.

Japanese to Get Monopoly for Sale of Output of Kailan Coal Mines

Officials of the Hsing Chung Kungssu, leading Japanese investment firm in North China stated in Peiping Oct. 19 they would act as middlemen in negotiations aiming at the purchase of the entire annual output of the Kailan coal mines by the powerful Federation of Electric Power Concerns in Japan. The annual production of the K.M.A. mines was put by the officials at 4,500,000 tons. The officials also revealed they were awaiting permission to establish a joint Sino-Japanese East Hopei Electric Power Company, capitalized at Yen 3,000,000.

The projected firm, a half of whose capital will be subscribed by Chinese investors and the rest contributed by the Hsing Chung Kungssu and the Federation of Electric Power Concerns, will merge all small power firms in East Hopei. Plans are also being considered by the Hsing Chung Kungssu for the export of aluminum clay produced within the area managed by the K.M.A. to Japan, the officials disclosed.

The deal above described will have the undoubted effect of very considerably increasing the cost of soft coal—used in large quantities by Shanghai industrial establishments. Shanghai's demand for Kailan coal has always been great, so great in fact that a regular steamship service has been maintained for many years between Shanghai and Chinwangtao for the purpose of carrying coal here. The fact that the Japanese inroads in North China would eventually have a depressing effect on this large British-controlled coal mining establishment in North China has been referred to in the columns of *The Review* on numerous occasions during the past several years. This latest deal may be taken as the forerunner of the eventual transfer of the control of this large coal-mining enterprise in North China from British to Japanese hands.

Definite Steps Made by Shanghai Industrialists to Alleviate Unemployment

For the purpose of alleviating unemployment and of giving every assistance to those Chinese factories which have suspended operations since the hostilities the Shanghai Native Goods Manufacturers' Business Resumption Committee consisting of 15 persons has been organized and officially began work this week in its office in 715 Continental Building, Nanking Road. According to an official announcement, the committee will first investigate factories previously located in the war zone and its vicinity in preparation for possible resumption of business.

The committee will incidentally investigate cases of goods detained on suspicion that they are Japanese goods, and in order to prevent delay in transportation of native goods the committee will obtain "native goods transportation passes" for manufacturers. The committee will also help those manufacturers who wish to move into the interior.

According to the latest statistical report prepared by the Bureau of Social Affairs, Shanghai has 5,418 Chinese factories. A Chinese report says that only one-tenth of these factories are operating.

All members of the new committee are well-known Chinese business leaders. Messrs. Yu Ya-ching, Wang Hsiao-lai and Pan Kung-chan, Commissioner of the Bureau of Social Affairs, are serving on the committee. Mr. Wang issued a statement recently explaining that as Chairman of the District Chamber of Commerce he had tried to stimulate business. He urged those factories which could not re-open to amalgamate with other factories and to establish branch factories in the interior.

Japanese See Failure in Attempt to Solve Unemployment Problem

The steady rise in the number of unemployed in Shanghai since the commencement of the Sino-Japanese hostilities more than two months ago, is causing considerable anxiety among officials of the municipal government, the Shanghai *United News* reported.

"It is doubtful," the paper said, "whether the efforts of the Chinese authorities to solve this major social problem will be crowned with success."

Gaimusho Will Approach Netherlands Government Regarding Machine-Gunning

The Japanese Foreign Office intends shortly to open negotiations directly with the Netherlands Government in an effort to reach a satisfactory settlement regarding the machine-gunning of a Japanese fishing smack in Netherlands Indies waters by a 'plane belonging to a Dutch man-of-war.

"No satisfactory answer," Gaimusho officials said Oct. 17, has been received regarding a protest made to the Netherland Indies Government by Tanun Kotani, acting Japanese Consul-General at Batavia.

Japan Severs Relations with Lloyds—Tokyo Will Handle Own Insurance

Decision to sever relations with Lloyd's of London and to form a Japanese counterpart to handle war risk insurance in Japan, Korea and Manchuria was reached in Tokyo Oct. 18 by representatives of fifteen major Japanese marine insurance firms. This was in protest against Lloyd's decision to include Japan, together with China, in the Pacific war zone and raise rates accordingly. A committee of representatives of seven firms, including the Tokyo Marine and Fire Insurance Company, will draft the rules and regulations of the projected pool. Sponsors of the move said it would terminate the "British domination of the insurance business in this country."

Manchukuo Railway Travel Restricted to "Allow Transportation of Produce"

Railway travel in Manchukuo is severely restricted as from Oct. 19 by the suspension of 52 trains, including the bi-weekly service between Harbin and Manchouli connecting trans-Siberian expresses. The suspension is officially described as a "temporary measure to facilitate the transportation of Manchurian produce."

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CUSTOMS NOTIFICATION No. 1618.

With reference to Customs Notifications No. 1611 and 1614, the public is hereby notified that, in accordance with Government instructions, the provisional procedure governing the levy of Interport Duty is as follows:—

Native goods including domestic postal parcels moved in China, irrespective of the place of shipment or destination, whether transported by junk, railway, highway, steamer or aeroplane, which are loaded or discharged at, or which pass through, places where there is a Custom House or a Maritime Customs Station, will be charged Interport Duty unless such duty has already been paid to the Customs elsewhere or unless the goods have paid Consolidated Tax, Minerals Tax or Tobacco and Wine Tax, in which case, if such goods have hitherto been exempt from Customs duty on production of proof that tax has been paid, they will continue to be exempted from the payment of Interport Duty. If the goods are later exported abroad, the difference between Interport Duty and Export Duty will be collected or refunded in accordance with existing practice.

CHU CHANG-NIEN,
Superintendent of Customs.
L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th October 1937.

CUSTOMS NOTIFICATION NO. 1617.

DRAWBACK CHEQUES DATED BEFORE 1st JANUARY 1935 TO BE INVALIDATED AFTER 31st JANUARY 1938.

In accordance with instructions from the Inspector General of Customs, the public is hereby notified that all unclaimed cheques dated between 1st January and 31st December 1934 will be destroyed unless claimed before 1st February 1938. Similarly, Drawback cheques dated between 1st January and 31st December 1934 which have been issued but not cashed will be invalid after 31st January 1938.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th October 1937.

CUSTOMS NOTIFICATION NO. 1619.

The public is hereby notified that in accordance with Government instructions rice, paddy and wheat will be specially passed free of Interport Duty from to-day.

CHU CHANG-NIEN,
Superintendent of Customs.
L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 18th October 1937.

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